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The Essential Point in Long Term European Financing

NO one who has listened to the discussion by leading American bankers of the problem of furnishing long-term credits to Europe can have failed to note an entire agreement on one point, namely, that if European securities maturing in one, two or three years or longer are to be placed in this country in any large volume the interest of the general public must be enlisted, as was found necessary in placing the Liberty Bond issues here during the war. True enough, the appeal can not be made in this instance as it was in the Liberty Bond campaigns, to the spirit of patriotism which was so largely responsible for widening the circle of our investors from less than a half million to over twenty million. Actually, of course, the use of the term "investors" to characterize the majority of those who bought Liberty Bonds is a misnomer, for the most of these emotional buyers of Government war loans were hardly investors in the true sense. If we had twenty million trained investors in the United States, or half that number, the financing of Europe would prove the mere bagatelle which some financial authorities on both sides of the Atlantic now regard it. But we have not got them. And while men and women, under the impulse of patriotic zeal, can be quickly stimulated to buy the securities of their own Government, to make them buy foreign securities, or to build up a class of discriminating investors eager to buy securities for the profit involved—these are quite different matters.

It would no doubt be possible to obtain loans here to a considerable amount by a campaign in which the distressing conditions prevalent in some parts of Europe were presented in a way to arouse public sympathy. But that does not seem the business-like way to go about it. The necessitous condition of the applicant for a loan at a bank is not usually regarded as a favorable element but the reverse. Perhaps this is true of the European countries as well.

A European business man who recently visited the United States has pointed out that there are still plenty of men and firms in Europe whose credit is perfectly good, whose assets have not been diminished but increased by the war, and that it is now entirely safe to do business with these men and firms, just as it always has been. He suggested that American manufacturers and exporters would do well to seek out customers of this type, who could be dealt with under no more than ordinary risks.

Where government, railway, municipal or large industrial loans are to be floated here, however, a somewhat different problem arises. The respective credits must be investigated and established, and even when this is done some effective measures will have to be taken for popularizing European securities in the United States. This means, as more than one eminent banker has pointed out, that the general public must be brought in as investors in long-term European securities if such securities are to be sold here in large amounts. It means also that Europe must practice industry and economy in order to re-establish credit and that the people of the United States must work and save, if they are to have money with which to buy European securities or any other. What an untilled field exists for the education of American investors! We have numerous organizations of bankers, collecting large sums of money from their members, but doing precious little in this line. The American Bankers' Association, the Investment Bankers' Association and the various state bankers' organizations have here a field for usefulness and profit of which they might well take advantage. Our paternal Government might find a thrift campaign more productive of good results than many of the doubtful enterprises into which the taxpayers' money is poured with such lavish hand. The Government never did much in this direction until it had pressing need for funds. It would be too much to expect our educational institutions to undertake work of this practical sort. Their chief business is to train young men and women for high school and college, not for the actual duties of life.

The banks and the bond houses have done something—in fact, nearly all that has been done. but they could do much more. It would benefit both the community and themselves if they should once undertake this work in earnest.

It is essential to the placing of long-term European securities in the United States in large volume, that we create a numerous class of trained investors. It is hardly less desirable on our own account that we undertake this work. Do the bankers realize its importance, or are they asleep at the switch?

The Edge Export Finance Act

ON December 25 it was announced from the White House that President Wilson had signed the Export Finance Act, commonly known as the Edge Bill. The new law, which is an amendment to the Federal Reserve Act, is described as being fundamentally an industrial measure and designed chiefly to facilitate American exports to Europe.

Except the administrative features, the main provisions of the act are given below:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act approved December 23, 1913, known as the Federal Reserve Act, as amended, be further amended by adding a new section as follows:

"BANKING CORPORATIONS AUTHORIZED TO DO FOREIGN BANKING BUSINESS.

"SEC. 25 (a). Corporations to be organized for the purpose of engaging in international or foreign banking or other international or foreign financial operations, or in banking or other financial operations in a dependency or insular possession of the United States, either directly or through the agency, ownership, or control of local institutions in foreign countries, or in such dependencies or insular possessions as provided by this section, and to act when required by the Secretary of the Treasury as fiscal agents of the United States may be formed by any number of natural persons, not less in any case than five.

* * *

"Each corporation so organized shall have power, under such rules and regulations as the Federal Reserve Board may prescribe:

"(a). To purchase, sell, discount, and negotiate, with or without its indorsement or guaranty, notes, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and other evidences of indebtedness; to purchase and sell, with or without its indorsement or guaranty, securities, including the obligations of the United States or of any state thereof, but not including shares of stock in any corporation except as herein provided; to accept bills or drafts drawn upon it subject to such limitations and restrictions as the Federal Reserve Board may impose; to issue letters of credit; to purchase and sell coin, bullion and exchange; to borrow and to lend money; to issue debentures, bonds, and promissory notes under such general conditions as to security and such limitations as the Federal Reserve Board may prescribe, but in no event having liabilities outstanding thereon at any one time exceeding ten times its capital stock and surplus; to receive deposits

outside of the United States and to receive only such deposits within the United States as may be incidental to or for the purpose of carrying out transactions in foreign countries or dependencies or insular possessions of the United States; and generally to exercise such powers as are incidental to the powers conferred by this Act or as may be usual, in the determination of the Federal Reserve Board in connection with the transaction of the business of banking or other financial operations in the countries, colonies, dependencies, or possessions in which it shall transact business and not inconsistent with the powers specifically granted herein. Nothing contained in this section shall be construed to prohibit the Federal Reserve Board, under its power to prescribe rules and regulations, from limiting the aggregate amount of liabilities of any or all classes incurred by the corporation and outstanding at any one time. Whenever a corporation organized under this section receives deposits in the United States it shall carry reserves in such amounts as the Federal Reserve Board may prescribe, but in no event less than 5 per centum of its deposits.

"(b). To establish and maintain for the transaction of its business and branches or agencies in foreign countries, their dependencies or colonies, and in the dependencies or insular possessions of the United States, at such places as may be approved by the Federal Reserve Board and under such rules and regulations as it may prescribe, including countries or dependencies not specified in the original organization certificate.

"(c) With the consent of the Federal Reserve Board to purchase and hold stock or other certificates of ownership in any other corporation organized under the provisions of this section, or under the laws of any foreign country or a colony or dependency thereof, or under the laws of any State, dependency or insular possession of the United States but not engaged in the general business of buying or selling goods, wares, merchandise or commodities in the United States and not transacting any business in the United States except such as in the judgment of the Federal Reserve Board may be incidental to its international or foreign business: *Provided, however,* That, except with the approval of the Federal Reserve Board, no corporation organized hereunder shall invest in any one corporation an amount in excess of ten per centum of its own capital and surplus except in a corporation engaged in the business of banking, when 15 per centum of its capital and surplus may be so invested: *Provide further,* That no corporation organized hereunder shall purchase, own, or hold stock or certificates of ownership in any other corporation organized hereunder or under the laws of any State which is in substantial competition therewith, or which holds stock

or certificates or ownership in corporations which are in substantial competition with the purchasing corporation.

* * *

"No corporation organized under this section shall carry on any part of its business in the United States except such as, in the judgment of the Federal Reserve Board, shall be incidental to its international or foreign business.

"No corporation shall be organized under the provisions of this section with a capital stock of less than $2,000,000, one-quarter of which must be paid in before the corporation may be authorized to begin business, and the remainder of the capital stock of such corporation shall be paid in installments of at least ten per centum on the whole amount to which the corporation shall be limited as frequently as one installment at the end of each succeeding two months from the time of the commencement of its business operations, until the whole of the capital stock shall be paid in. The capital stock of any such corporation may be increased at any time, with the approval of the Federal Reserve Board, by a vote of two-thirds of its shareholders or by unanimous consent in writing of the shareholders without a meeting and without a formal vote, but any such increase of capital shall be fully paid in within ninety days after such approval; and may be reduced in like manner, provided that in no event shall it be less than $2,000,000. * * * Any national banking association may invest in the stock of any corporation organized under the provisions of this section, but the aggregate amount of stock held in all corporations engaged in business of the kind described in this section and in section 25 of the Federal Reserve Act as amended shall not exceed ten per centum of the subscribing bank's capital and surplus.

"A majority of the shares of the capital stock of any such corporation shall at all times be held and owned by citizens of the United States, by corporations the controlling interest in which is owned by citizens of the United States chartered under the laws of the United States or of a state of the United States, or by firms or companies, the controlling interest in which is owned by citizens of the United States.

"Any bank or banking institution principally engaged in a foreign business incorporated by special law of any state or of the United States or organized under the general laws of any state or of the United States and having an unimpaired capital sufficient to entitle it to become a corporation under the provisions of this section may by the vote of the shareholders owning not less than two-thirds of the capital stock of such bank or banking association, with the

approval of the Federal Reserve Board, be converted into a Federal corporation of the kind authorized by this section with any name approved by the Federal Reserve Board: Provided, however, That said conversion shall not be in contravention of the state law."

It will be seen that the institutions that may be organized under the new law are authorized to conduct a general banking business, except that their right to receive deposits in the United States is limited to such deposits "as may be incidental to or for the purpose of carrying out transactions in foreign countries or dependencies or insular possessions of the United States."

Perhaps their distinguishing function is that of issuing "debentures, bonds and promissory notes," for herein lies the power of the new corporations to be of very great help in financing foreign trade in a way which is not compatible with the business of the ordinary commercial banks. These obligations may be used as collateral or they may be sold outright to investors, and very likely the latter course will be relied on to give the new institutions their highest degree of usefulness. It can hardly be doubted, with the safeguards which the act itself provides and with the supervisory measures which the Federal Reserve Board will install, that these debentures or bonds can be made to conform to all reasonable requirements of safety.

Rather emphatic insistence has been laid on the fact that America wishes to do its European financing in the American way. The new law is typically American in its provisions and should therefore meet this requirement.

There is some disposition for private enterprise to wait upon Government initiative in regard to European financing, but this new law gives to our bankers, manufacturers and merchants an opportunity of going ahead on their own account. They can choose their customers, and American business men ought to be expert enough to avoid risks that should not be undertaken, even though the present European situation presents grave difficulties.

The new measure is a well-considered attempt to meet the exigencies of the present unsatisfactory situation of European trade. Its operations will be watched with sympathetic interest by all who are concerned in the effort to restore normal trade relations between the United States and Europe. There is hardly any necessity of saying that the success of the new institutions will be of very great advantage to this country as well as to the countries across the sea. For, while their operations will provide Europe with raw materials and goods, they will likewise help to furnish the means for enlarging the production of our farms and mines and to keep our factories active and our labor employed.

The Year in Which We Now Are

TIME is a purely human invention, although there exists high authority for the statement that "the evening and the morning were the first day." But as well might they have been a week, a month, a year, a century or nothing at all. Time has been called a "measured portion of duration"—wholly the product of clocks and calendars.

The closing of one year and the beginning of another we are all accustomed to regard as the ending of one epoch and the commencement of another, as if the mere passing of what we call time could make some real change in the essence of things. Thus we look back regretfully upon nineteen hundred and nineteen as a year of confusion and of serious blunders, while we look ahead hopefully to nineteen hundred and twenty as a year of great promise, if not of actual deliverance.

That the year just gone was one of great uncertainty, no one can deny. Still, it had some definite results for those of us who live in this country. The attempt to merge the independence of the United States into the supersovereignty of a world state failed. And the open whiskey saloon disappeared.

These two events please some and displease others. No one, however, fails to admit their great significance.

The year that is gone has witnessed a fresh outbreak of the old conflict between employer and employee; and while a truce has been arranged, who would claim that the real difficulty has been permanently adjusted? There are hopeful signs, however, that each side is earnestly seeking for the way to a lasting peace.

We have not as yet made official peace with Germany, nor have we worked out a comprehensive plan for putting forth our best efforts in the rebuilding of Europe. The railroad problem remains with us.

The public temper in relation to the important work ahead will receive a striking demonstration in the Presidential election which occurs toward the close of the present year. Are the people to take a reactionary attitude, electing to this office an opportunist—one who "stands pat" and marks time—or will they elect a man who looks forward calmly and wisely, who comprehends that the masses of mankind are struggling toward progress, if blindly, and that they need as never before sound leadership?

Scanning the wintry political horizon, that leadership can not be seen, but it may emerge in the warming sunshine of the spring and summer.

There were those who thought, prior to April 6, 1917, that America had lost its soul. Subsequent events prove that a mistaken view. Looking at the confusion which has marked the year

just gone, one might conclude that America had lost its head. Already there are signs that this conclusion would be equally mistaken.

With the vast difficulties following in the wake of war it was hardly a rightful expectation that the country would be able to settle all of them at once. But we are gradually dealing with some of them in the right way, and thus far have committed no irretrievable blunders. Let us keep ourselves free to deal with the others in the plain, old-fashioned American way, and we shall come out all right at last.

Discount Policy of the Federal Reserve Bank of New York

IN announcing rates of discount for the Federal Reserve Bank of New York, under date of December 30, 1919, Governor Benjamin Strong makes the following statement in regard to the discount policy of this bank:

"While the Federal Reserve Act, by lowering reserves, added permanently to the lending power of the member banks, it was not intended that the Federal Reserve Banks themselves should be used to promote permanent credit expansion or for the purpose of obtaining funds to re-loan at a profit in the general credit market. They were intended to facilitate emergency or seasonal expansion, and except for such unusual borrowing as war financing necessitates, the same principles which governed borrowing by banks prior to the establishment of the Federal Reserve System should still obtain. Nor does the existence of the Federal Reserve System relieve bankers from their individual responsibility to prevent unwise expansion of credit at a time like the present when the pressure for credit is very great. On the contrary, with the banks being gradually relieved of the volume of Government securities which, directly or indirectly, they had to assume, the released credit should be devoted, as far as practicable, to the reduction of indebtedness to the Federal Reserve Bank, in order gradually to reduce the present credit expansion."

It is no doubt that the above sets forth accurately what is—or at least what should have been—the purpose of the Federal Reserve Act in respect to the matter under consideration. Still, there is no special reason why member banks may not almost indefinitely keep on rediscounting for the purpose of relending, since they can make a fair profit out of the transaction. In fact, by their policy of making a rate lower than that customarily charged by the member banks, the Federal Reserve Bank offers a direct incentive to transac-

tions of this nature. Were the rates of the Federal Reserve Banks higher than those of the member banks, this would not be the case. The latter would then rediscount only in case of need and the privilege would be confined to those which Governor Strong mentions --emergency or seasonal expansion.

While the Federal Reserve Bank rate is below that generally prevailing in the money market of the district where the bank may be located, there will always be an incentive toward dealings of the kind which Governor Strong disapproves of, nor is it easy to see how inflation of credit can be checked until the present policy of the Federal Reserve Banks in this respect is reversed. In an emergency so great and so long continued as that brought about by the war, it was doubtless beneficial and necessary that the rediscount rate of the Federal Reserve Banks should be below the market rate, but that emergency no longer exists.



Proposed International Conference of Bankers

AN international conference of bankers to consider after-the-war financial problems is proposed by the president of the Rotterdam Union Bank, Mr. S. William Westerman, who recently returned home after a visit to the United States. Mr. Westerman suggests The Hague as an appropriate meeting place for the conference. He is quoted in an interview as saying that "it is extremely improbable Europe can expect much financial aid from America."

Proposals have heretofore been made for holding an international financial conference at Washington, but these proposals have been coldly regarded by the American Government on the ground, as reported, that if such a conference were held it would be used as a means of endeavoring to place an undue share of Europe's financial burdens upon the shoulders of America.

Mr. Westerman's conclusion that but little aid can be expected from this country seems a trifle hasty. He was doubtless led to it by the lack of a coherent policy at Washington and by the indisposition of American bankers to act independently of such policy. Since Mr. Westerman's visit to the United States the situation has somewhat improved, the passage of the Edge Bill opening the way for more extensive European financing. It must be remembered that we were unprepared for taking up these new financial problems at the close of the war just as we were unprepared in a military sense when we entered the war. A great deal of our economic

legislation is enacted under compulsion. Witness the Aldrich-Vreeland Law for issuing emergency currency, enacted in 1908 under the urge created by the panic of the previous year. But in regard to European financing on any large scale, not only were we unaccustomed to it, but we lacked the necessary machinery. We have no great bank specifically devoted to international banking, and are, in fact, only beginning to develop a special group of banks devoted to this purpose. There was a limit, and a somewhat narrow one at that, to the capacity of our great international private banking firms in absorbing European securities. If these securities were to be bought in large volume, a wider market must be found for them, and this the ordinary commercial banks could not furnish. Special organizations were needed to arrange for the financing of trade with Europe under the peculiar circumstances which exist and which render the ordinary banking facilities inadequate. The mechanism for handling long-term credits had to be devised, and while this is now being done there yet remains the larger problem of creating, or at least of educating, a class of investors to whom these new securities will appeal.

The international financial situation has been muddled by the futile attempt to bind up the political fortunes of America with those of all the European states, and with the whole world, in fact, through the League of Nations scheme. Surely it is of more immediate importance that the hungry be fed and that industry be restarted than that this utopian project be put into effect.

Mr. Westerman's proposal for an international financial conference at The Hague should be favorably considered. While under the urgent necessity for action which now exists, there is some justification for impatience with conferences that merely discuss and deliberate, such meetings are nevertheless helpful in bringing about a better understanding of mutual needs and duties, and are especially valuable in still further enlarging the sphere of financial co-operation.

Should an international financial conference be held at The Hague or elsewhere, it should not delay prompt financial action in Europe's behalf. Perhaps the better plan would be to act first and to talk about it afterwards.

Gold Certificates Made Legal Tender

A BILL making gold certificates a legal tender has been passed in this simple form:

"Be it enacted, etc., That gold certificates of the United States payable to bearer on demand shall be and are hereby made legal tender in payment of all debts, public and private."

The real purpose of this measure is to provide the banks with more legal tender paper, especially of larger denominations, so that they may release to the Treasury the old legal-tender notes which may be put out in smaller denominations and thus relieve the scarcity of this kind of currency caused by the withdrawal of the silver certificates from circulation to so large an extent.

THE BANKERS' MAGAZINE has for many years advocated the retirement of the old Treasury notes, or "greenbacks." At first this was urged because these notes were a drain on the gold reserve and a menace to the country's financial stability. With the growth of the gold reserve, and especially after the enactment of the law of March 14, 1900, under whose terms the greenbacks were not reissuable except for gold, the validity of this argument disappeared. But the greenbacks still constituted an anomaly in our currency system. As the gold reserve specifically pledged for their redemption was only about one-half the volume of the notes in circulation, while the gold certificates were sustained by a reserve of 100 per cent., the folly of making the former a legal tender while the latter were not, will be at once perceived.

Had the greenbacks been retired, the banks would then have found themselves without legal tender paper of any kind, compelling them to use coin in making shipments of currency and for payments where legal tender money of some kind is required. This would have caused great inconvenience, for whatever may be said against legal-tender paper, its convenience is unquestionable.

While therefore the gold certificates have been endowed with the legal-tender quality on grounds not exactly such as this MAGAZINE long favored, the action nevertheless is due to a wish to meet the demand for paper money in convenient denominations.

So long as the Treasury of the United States maintains a trust fund equal to 100 per cent. of the gold certificates outstanding, and continues to redeem these certificates, or warehouse receipts, on demand, there can be no sound objection to making them a legal tender, for they are a title to their face in gold to any one requiring the metal for export or for use in the arts.

An objection to the measure in question was, however, made by Senator Thomas of Colorado, who proposed that the word "gold" be stricken from the bill and the word "silver" inserted, "because not otherwise," he said, "can we keep faith with the public creditor, not otherwise can we pay him in sound money. Let me, therefore, Mr. President, warn those responsible for this movement to give a legal-tender value to depreciated paper, that they are flooding the country with more unsound money, and the poor creditor, obliged to accept these certificates, will think twice before commending

either the wisdom or the integrity of the Senate of the United States."

Of course, whatever validity there is in this argument attaches to the gold dollars themselves, as well as to the certificates.

Official Recognition Given to the Parochial Character of New York Banking Law

FOR several years THE BANKERS MAGAZINE has been pointing out the narrow character of the banking law of the State of New York so far as it relates to foreign branch banks established in the state. Official recognition is given to this character of the law in a report recently presented to the Legislature of the State of New York by Hon. George I. Skinner, Superintendent of the State Banking Department, which says:

"There are two amendments which have been suggested as a result of new conditions and new developments which it may become necessary for the Legislature to consider, although I am not prepared to submit such amendments or approve them at this time. State banks, trust companies and investment companies of this state are authorized by the Banking Law, upon compliance with specified conditions, to maintain branch offices in foreign countries. Similar privileges have been conferred upon national banks and upon corporations to be created under the so-called 'Edge Bill,' recently enacted by the National Congress. Our institutions may receive deposits in foreign countries, while foreign banking corporations are only permitted to maintain agencies in this state for the exercise of limited powers and are not permitted to receive deposits.

"It has been urged that, if New York city is to become the money mart of the world and this nation is to maintain a foremost position in international commerce, the restrictions imposed upon the agencies of foreign banking corporations are provincial and will lead to retaliation. In any consideration that may be given to this subject, we must not forget that it would be difficult without giving offense to discriminate between the banking institutions of foreign nations, although it would seem unwise to permit banking corporations having their domicile in countries where even the governments themselves may not be stable, to receive deposits in this state. The effect of a change in policy upon such of our existing banking institutions, including private bankers, as cater especially to our alien or foreign-born population should also be considered. If such an amendment is at any time deemed necessary, it should, moreover, require any foreign banking corporation receiving deposits in this

state to have at least as much capital and surplus as we require our own institutions to have, if they are permitted to maintain branch offices abroad."

The real point of this statement appears in the following sentence:

"Our institutions may receive deposits in foreign countries, while foreign banking corporations are only permitted to maintain agencies in this state for the exercise of limited powers and are not permitted to receive deposits."

It is hardly necessary to say that this violates the principle of international comity and invites retaliation, which has begun already.

The difficulties to which Mr. Skinner refers in regard to discriminating against the banks of some countries whose political conditions are at present unstable would not seem to be insurmountable. The banking systems of most countries are at least as strong as are those of the United States. In recent years our state and national systems have been greatly improved; but what might foreign nations have thought had it been proposed in 1893, for instance, to establish branches of American banks abroad?



Some Results of Government Railway Operations

THAT the railways have greatly increased their rates for transportation since they came under Government operation is well known; also that their financial situation has become unsatisfactory to the point of threatened bankruptcy in several cases; that facilities of transportation have failed to keep pace with the growth of business—these and other interesting facts were brought to light in the course of a speech on "Railroad Control" delivered in the Senate recently by Senator Frank B. Kellogg of Minnesota. A few quotations from this comprehensive and careful discussion of our present railway problems will be found of interest:

"During the first nine months of the war, from April, 1917, to January, 1918, while the railroads were under private management, with all the Government interference, priority orders, and inability on account of the law to co-ordinate their facilities, they handled substantially as much traffic as was handled in the same nine months of 1918 and more than was handled in the same period during 1919. In the year 1917 the railroads handled substantially as much busi-

ness as they did in 1919, with about 190,000 less employees and $1,500,000,000 less cost.

"In spite of the increase of from twenty-five to fifty per cent. in freight and passenger rates, the net earnings of the railroads have constantly decreased under Government operation, until they are now so low that the Government is losing about $350,000,000 per annum, and if the roads were turned back to private ownership without adequate provision they could not pay the interest on their bonds.

"Let us therefore consider the financial condition of the railroads when the Government took them over and the present financial condition. In 1917 the gross earnings of all class 1 railroads totaled $4,050,463,579. The total operating expenses aggregated $2,858,212,210, and the net income equaled $974,778,937, while the best information we can get for 1919 will show that the railroads will earn substantially $5,232,000,000 with less business than in 1917. This estimate may be a little large on account of depression in November. This is on account of an increase in freight and passenger rates from 25 to 50 per cent. And yet the operating expenses of the roads have increased from $2,858,212,210 to an estimated operating expense, including taxes and rentals, of $4,695,500,000, leaving an estimated net income of only $536,500,000, or nearly $400,000,000 less than the guaranteed income which was the average of the net earnings of the roads for the years 1915, 1916, and 1917. In other words, the people of the United States were paying over a billion and a half dollars more for handling less traffic in 1919 than they were in 1917, and the owners of the roads but for the Government guaranty would receive about $438,000,000 less.

"In 1917 the percentage of operating expenses to gross earnings of all the roads in the United States was 70.57 per cent.; that is, for each dollar earned it cost 70.57 cents to operate the roads. In 1918 this had risen to 81.55 per cent., and in 1919 it is estimated at 85.44 per cent.

"In 1917 all of class 1 railroads of the United States earned 5.38 per cent. on their property investment. This was the last year of private operation. In 1918 they earned 3.71 per cent., and during the first six months of 1919 they earned eighty-four one-hundredths per cent.—of course I am taking book values because I have no others available—but the first six months of the calendar year is, on the average, the poorest half of the year. And the first nine months they had earned 2.19 per cent., which is estimated for the year to be 2.92 per cent., or less than the interest on the bonds and fixed charges of the railroads without paying anything at all on capital stock; and it is conceded by everyone that the bonded indebtedness of the railroads is six or seven billions less than the fair value of the properties."

Mr. Kellogg then referred to some statistical tables of railway earnings, and continued:

"From these statements it is easy to determine the present status of the railroads, and it is perfectly evident that unless the net earnings are increased a very large percentage of the railroads, including some of the best, will be in the hands of a receiver within a few months for inability to pay their interest and fixed charges.

"This statement shows that in the first nine months the railroads failed to earn their fixed charges in the sum of $56,658,204.

"That means that they failed to earn their interest and those charges that are fixed, such as rentals, and so forth.

"These tables show that fifty-seven railroads in the United States earned $111,132,062 more than their fixed charges during these nine months, while 108 railroads earned $167,790,266 less than their fixed charges; so that practically two-thirds of the railroads of the United States must inevitably go into the hands of a receiver unless their conditions are improved—and these are not the poor railroads; they are such lines as the Pennsylvania, the Baltimore & Ohio, the Great Northern, the Southern Pacific, and many others. For immediately the railroads are turned back to their owners, unless Congress acts, the guaranteed return ceases and the railroads are dependent upon their earnings, which have been established by the Government. In other words, the operating expenses of a railroad are, of course, its first charge and must be paid before any interest on securities. The Government took over these railroads in a solvent condition, and while, of course, it has paid, during its operation, a fair rental for the properties, it has increased the operating expenses so greatly that when they are turned back they will be bankrupt and can not from their earnings pay their operating expenses and fixed charges, without one dollar for dividends."

In estimating the causes of the large increase in the operating expenses of the railroads, Senator Kellogg said:

"One of the questions we have been compelled to face involves the cause of this abnormal cost of operation and whether it can be reduced. The principal causes of the increase of operating expenses have been increase of wages, increase in number of employees to do the same or less work, decrease of efficiency, a large operating bureau in Washington, and increase in the cost of materials.

"In the first place, when the Government took over the railroads it was supposed that the director general would avail himself of the complete organization of each railroad and confine his activities to such direction as was necessary to expedite Government transportation during the war. But in this the public was disappointed. Mr. McAdoo had more ambitious ideas, so he established a great central organization, with 2,600 employees in Washington and scattered

over the country, which directly interfered with and benumbed the incentive and enterprise of every railroad organization. It went over the heads of local officials and was enormously expensive. It demonstrated beyond question that you can not efficiently operate 260,000 miles of railroad from a central bureau in Washington full of red tape and bureaucratic obstinance and interference."

Referring to the matter of wages, Senator Kellogg said: "Many men have been raised out of all proportion to their coëmployees, and it is that which has created discontent and a large amount of the expense." He added that he did not think the average wages too high.

Besides the added expense of operation under the Government Senator Kellogg pointed out that the railway equipment of the country had failed to keep up with the growth of business. He said:

"But the present deplorable financial condition of the railroads is not the only serious question confronting our transportation system. During the Government operation in the last two years the extensions, additions, and improvements in railroads, and especially in equipment, have been way below the average of previous years and below the demands of the transportation of the country. In other words, without regard to the physical condition, the Government has allowed the railroads to fall behind the normal increase necessary to the transportation of the country. There is today a great shortage of cars all over the country. * * * During the last two years only 100,000 cars have been built, and I am not sure that all of these have been delivered, while during the years from 1899 to 1918 the average annual purchase of freight cars was 134,310.

"So far as permanent betterments and improvements to railroads are concerned, the administration has done better, although not all that the needs of the country demand. During the years 1912 to 1917 the railroads spent an average of $446,000,000 per annum on such betterments and improvements. As near as it can be estimated, the present administration has spent about $400,000,000 per annum, but from 1912 to 1917 a dollar would purchase much more in improvements than during the last two years, so that $400,000,000 per annum since 1918 is entirely disproportionate to the amount spent before that time and does not make up for the increased demands upon the transportation system of the country."

The present unfortunate situation of the railroads is thus contrasted with their former position:

"When the war broke out we had in this country, all in all, the best, the cheapest, and the most efficient transportation system in the world."

And yet with these facts before them no inconsiderable numbers of people are contending that the Government control of the roads should be still further extended, as if sufficient loss had not been sustained already under this costly experiment. It is the old contention, that socialism and communism have always failed because not tried on a large enough scale.

While dealing with the railroad problem it may not be inappropriate to cite some comparative figures of capitalization per mile of road, as compiled by the Bureau of Railway Economics from the latest available data.

Country.	Capital Per Mile.
Australia (Commonwealth)—state railways	$48.144
New South Wales—state railways	78.054
Austria—state railways	114.791
Austria—private railways	155.250
Belgium—state railways	216.143
Canada	60.213
Denmark—state railways	61.399
France—state railways	142.366
France—private railways	149,302
Germany—state railways	132.504
Germany—private railways	40.624
Hungary	71.226
Japan—state railways	90.954
New Zealand—state railways	57.970
Norway	46.821
Russia	86.968
Spain	89.348
Sweden	33.940
Switzerland	138,452
United Kingdom	274.027
United States of America	68.000

This would seem effectually to dispose of the fiction of gross overcapitalization of the American roads. As Senator Kellogg shows the earnings for last year were below the amounts required for fixed charges and interest on bonded indebtedness, without paying anything at all on capital stock.

The experience of the railroads of the United States for some years before they went under Government operation and the results of the latter experiment point unerringly to one conclusion, namely, that the railways should be operated by those who know how to operate them efficiently and with a reasonable return to those who have invested their money in this important form of enterprise,

and that while the railroads should be required to deal fairly with the public, it is equally obligatory upon the part of the public to deal fairly with them.

"Blue Sky" Law Not Favored

ACTING under an appointment by the Governor of the State of New York, a committee which has been considering the advisability of enacting a so-called "blue-sky" law for that state has reported against legislation of this character. Instead the committee recommends that the State Banking Department and the Attorney-General be given jurisdiction over commercial transactions with authority to investigate and punish fraudulent transactions in securities. Some of the considerations which influenced the committee to reach the conclusion indicated are thus stated in the majority report signed by John J. Pulleyn, president of the Emigrant Industrial Savings Bank; Charles H. Sabin, president of the Guaranty Trust Company; William H. Porter of J. P. Morgan & Co.; John Godfrey Saxe, William H. Remick, Alfred J. Johnson, formerly City Chamberlain; Mortimer L. Schiff of Kuhn, Loeb & Co., and Edwin C. Vogel:

"In approaching these various complaints and proposed legislation to remedy their causes, we are mindful of the principle which your Excellency enunciated both in your inaugural message and in your letter appointing us that 'New York is today the financial center of the world' and that 'in framing laws and in administering government it is therefore of prime importance that legitimate business should be safeguarded, protected and encouraged, to the end that we maintain our financial, commercial and industrial supremacy.'

"New York State, as such financial center, cannot afford to adopt experimental legislation of the character adopted in our Western States.

"Experience has demonstrated the unwisdom of placing drastic regulations upon enterprise as a whole merely in an endeavor to exclude a modicum of possible fraud. While all restrictive legislation necessarily and properly imposes certain burdens, it is indispensable, in the interest of this financial community, that the State should preserve as much freedom as possible for business enterprises.

"In adopting any legislation which frankly will tend to restrict legitimate business in the hope of preventing fraud, New York State must proceed intelligently and should not adopt any legislation in which the restriction upon business is out of proportion to the benefit which might thereby be attained.

"Secondly, your committee suggests that the question is not the narrow question of whether the State should restrict a single business, familiarly known as that of 'investment brokers,' in order to afford a certain amount of protection to those who are engaged in purchasing securities. The question is much broader than that. It involves the question of how far the Empire State should encourage or discourage capital, during this grave period of reconstruction, in entering into the numerous legitimate ventures which will help to bring the world back to times of prosperity for rich and poor alike.

"The war, and conditions which have arisen out of the war, have added heavy burdens which have seriously discouraged the employment of capital in development; and we, therefore, must meet the question: In how far is New York State willing to add a further burden of new legislation?

"Thirdly, your committee deems it necessary to distinguish sharply between the various classes of losses. A large proportion of losses results from ignorance, and another large proportion of losses results from the cupidity of people who engage in speculation, seeking abnormal gains. The only losses with which we are concerned at this moment are the losses which are occasioned by fraud.

"It is impossible by legislation to abolish ignorance or eliminate cupidity. Moreover, experience has demonstrated that no matter what statutory bars may be erected men will continue to lose their money not only by unwise investments and extravagant speculation but that the ingenuity of the crook can never be wholly circumvented by statute.

"In this connection we may point to the experience which has been gained under the 'blue sky' laws of the Western States, where we have been reliably informed, crooks obtain licenses and have employed these licenses as a certificate of the state that they are agents of the state; that they are honest and reliable, and that whatever they say must be true because the state has certified that it is true."

The minority report of the committee bears the signatures of these four members: A. Barton Hepburn, George V. McLaughlin, Laurence McGuire and James J. Hoey. It recommends a law which would contain two of the familiar features of a blue sky law. One is a system of verified statistical detail with civil and criminal liability for false statements and the other is the licensing of every person dealing in securities.

With the general soundness of the conclusions reached by this committee THE BANKERS MAGAZINE heartily agrees, since precisely the same principles have long been advocated in these pages

when discussing the so-called "blue-sky" laws. The committee wisely states that it is impossible by legislation to abolish ignorance or to eliminate cupidity. Those who are defrauded out of their money because of greed for inordinate gain should not be the subjects of public sympathy or the objects of protective legislation. They are little less crooked than the crooked promoter himself.

While it is true, as the committee states, that legislation can not cure ignorance, there is a way in which ignorance in regard to the investment of money can be cured, namely, by education along this specific line. And, speaking conservatively, THE BANKERS MAGAZINE regards this kind of education hardly secondary in value at the present time to any other except that directly relating to health and morals. What a field there is for the bank and the bond house in educating people to take care of their money! This would indirectly greatly contribute to the public welfare and it would directly add to the business and the profits of the banks and the bond houses.

As has been frequently said in these pages, there should be some simple provisions for safeguarding the issue and sale of securities, but these provisions need not go to the extreme lengths of most of the "blue-sky" laws, or as the above committee says in its report: "Experience has demonstrated the unwisdom of placing drastic regulations upon enterprise as a whole merely in an endeavor to exclude a modicum of possible fraud." Would it not make the restrictions upon legitimate investments much less burdensome, and serve every desired purpose, if a simple Federal measure were enacted prescribing conditions to be complied with as a preliminary to the use of the mails by the vendors of securities, and these conditions having been met the right to sell securities in any state would follow?

The multiplicity and complexity of the "blue-sky" laws constitute a part of the business-hampering legislation of recent years. No one questions the desirability of legislation to prevent fraud or at least to punish it; but in seeking that end the harrying of sound and legitimate investment dealing should be avoided and can be if the requisite care is taken in framing the desired laws.

The Use of Cattle Loans

By Ivan Wright
Cornell University

THE practice of using cattle as a chattel for security dates back to the early history of the cattle industry in the United States. But bankers and dealers in livestock have generally been skeptical of this sort of security until recent years. A few cattle loan companies now in existence find that their first transactions of this nature began as early as 1850, although the real business of cattle loans appeared about fifteen or twenty years ago. The idea was first originated and promulgated by cattle brokers, commission men and dealers in the stockyards and at shipping points. There being a daily demand for all meat products, these men who handled cattle in a wholesale fashion and on a commission basis knew that the security of "cattle paper" could be turned into cash any day. So dealers in cattle at Omaha, Kansas City, Chicago, St. Louis, Portland, Fort Worth, Sioux City, El Paso and other livestock markets discovered that this variety of security was perfectly safe. Interest in the business grew as the cattle ranches were gradually placed under fence; definite cattle boundaries were established and the demand and market prices of beef and dairy products were augumented.

To illustrate the success of the business W. P. Dickery, former cashier of the Livestock National Bank, Sioux City, Iowa, and now president and manager of the Portland Cattle Loan Company, North Portland, Oregon, where he states in 1915 in THE BANKERS MAGAZINE that they had been in business three and one-half years and had loaned in the aggregate $20,000,000 with a total loss of less than $600.

Many other companies and some of them old-line companies which have been doing business for a half-century can testify to a record equally as good. Some have never suffered the loss of a cent. The safeguards thrown around a loan and the security itself constitute adequate protection. Other factors which make cattle paper highly desirable for commercial banking are the daily demands for all kinds of livestock and livestock products; the indorsement of the paper every time it changes hands; the high-class organizations of the cattle loan companies and the reliable reputation they have built up; the improved methods of producing livestock and present business practices followed by farmers and cattlemen; the narrow fluctuation in the price of livestock and livestock products; the continued increase in the value of cattle feeders, young stock, and breeding stock; and the fact that cattle and their products are little affected by financial panics because they are life necessities and always in demand. As evidence of this latter statement the fact may be cited that at the beginning of the European war, when the securities and cotton markets were closed and grain markets handicapped, the livestock markets of the country continued their business as in normal times and at rising prices. Further evidence is found in the statement of the John Clay Company that in 1914, when loans based on stocks and bonds had to be continued, ninety-six per cent. of the cattle loans of that company were paid at maturity.

PURPOSES FOR WHICH CATTLE LOANS ARE MADE

Loans on cattle are made to farmers for four distinct purposes, which may be classified as follows:

1. Feeders' loans;
2. Stockers' loans;
3. Dairy loans;
4. Summer grazing loans.

FEEDERS' LOANS

These are loans made to farmers for the purpose of purchasing cattle to feed through the winter. This is done when

the farmer has the feed free from all encumbrance. Often the cattle are bought and advanced by the company to the farmer for winter feeding on share profits. One notable organization, Clay, Robinson & Co., Chicago, have made this a very successful business. Associate banks that operate in the same manner as Clay, Robinson & Co. are located at Chicago, Ill.; South Omaha, Neb.; Kansas City, Mo.; South St. Joseph, Mo.; Sioux City, Iowa; Denver, Colo.; South St. Paul, Minn.; East Buffalo, N. Y.; East St. Louis, Ill.; Fort Worth Texas, and El Paso, Texas.

. Feeders' loans are probably used most widely in the states of Arkansas, Nebraska, Texas, Oklahoma, Colorado, New Mexico, Montana, Wyoming and Arizona. Other states, as Missouri, Iowa, Illinois, Oregon, Michigan, Minnesota, Wisconsin, Ohio and Indiana, have a large share of the cattle-feeding business, but the cattle loans for these states are more largely absorbed by local banks and do not make the showing in the circulation of commercial cattle paper that the first named states do. As heretofore stated, the cattle ranches throughout the West are breaking up and being placed under fence, due to the advancement of settlers. This has remarkably reduced the pasturage area and caused great changes in the industry of growing market cattle. The methods now in vogue in the cattle-feeding districts of Nebraska are typical of the changes which are taking place throughout the cattle-growing territory.

In Nebraska farmers raise great quantities of corn and alfalfa. They breed and raise as many beef cattle as the pastures permit, but the bulk of the business consists of buying feeders-steers one to three years old, inclosing them in a large yard and feeding them freely with the corn, alfalfa, fodder and other forage grown by the farmers themselves. By producing all the grain and roughage consumed by the feeders the farmers who make a business of financing cattle for market earn double profits on their crops and on their livestock, plus the manure which they have left as a fertilizer to produce further crops. In the states aforenamed, feeders' methods are being employed similar to those described in Nebraska. Livestock loans to the extent of millions of dollars' worth are annually advanced to farmers for this business. At Kansas City alone, which is the leading cattle loan market of America, from 200 to 225 millions of dollars are loaned annually on cattle. The writer is unable to obtain any exact report for all markets and loan companies engaged in this business, but the figures for such loans have been vastly increased in all parts of the country since the passage of the Federal Reserve Act, December 23, 1913, permitting national banks and state banks which are members of the Federal Reserve System to rediscount cattle paper, or make loans to farmers for a period of six months on livestock or for other agricultural purposes. The Federal Reserve Board defined this six months' agricultural paper as follows:

> Six months' agricultural paper, within the meaning of this regulation, is defined as a note, draft, bill of exchange, or trade acceptance drawn or issued for agricultural purposes, or based on livestock; that is, a note, draft, bill of exchange, or trade acceptance the proceeds of which have been used, or are to be used, for agricultural purposes, including the breeding, raising, fattening, or marketing of livestock, and which has a maturity at the time of discount of not more than six months, exclusive of days of grace.

Some further decisions relative to cattle loans are:

> The term "live stock" is held to include not only beef cattle, but also horses and mules.
>
> Notes made by mule and cattle dealers are mercantile rather than agricultural paper.
>
> The bill or note of a packing company, the proceeds of which are used for the purchase of livestock which is slaughtered upon purchase, is not "based on livestock" within the meaning of section 13, and is, therefore, not eligible for rediscount if it has a maturity in excess of ninety days.
>
> Mortgages on cattle are not required, and the question whether paper secured by cattle is self-liquidating is a legal one to be determined at the Federal Reserve Bank.

Notes signed by a farmer, the proceeds of which are used for the purchase of cows to be used as dairy cattle, are eligible for rediscount at the discretion of the Federal Reserve Bank, notwithstanding the fact that the cattle are not primarily purchased for "breeding, raising, fattening, and marketing of livestock."

Loans on cattle for breeding, grazing, or fattening may be made under the classification of six months' agricultural paper and the paper may be rediscounted by a member bank at its Federal Reserve Bank.

STOCKERS' LOANS

Stockers' loans are made to farmers to buy heifers, cows, bulls and steers. Loans on cattle purchased for breeding purposes, as heifers, cows and bulls, are not made with restrictions to registered stock, but usually very high-class grades. Stockers loans are also made on calves and steers to be held and fed to maturity. These loans are usually made on six months' time, with the privilege of one to three renewals, and sometimes a longer term. Most of these loans are made by local bankers who know the farmers personally. Such paper is not usually rediscounted, but held by the local bank until maturity.

There should be more loans of this class. If the bankers, farmers and economists of the agricultural colleges would get together, work out these very practical problems and make them a part of their extension programme, it would make meat, milk, butter, cheese, shoe leather and scores of other necessities of life cheaper for all of us. In a recent communication from a well-known cattle loan banker of Chicago the writer received the following remarkable statement:

> Prices for all farm products are at present, in my opinion, at too high a level, and a reasonable drop will tend to increase consumption. It is not denied in either Iowa or Illinois that the farms in these states could readily produce on the average of five more calves to the age of yearlings out of the present annual waste and it certainly can be conceded that this additional annual production, which from these two states at $50 per head, would amount to $125,000,000, can be sold on a very profitable basis at much lower prices than at present prevail. In other words, we have ample equipment at hand, and if we could encourage an increase in the operation of this equipment to something like reasonable capacity in the production of living necessities, such as livestock and grain, the answer would be cheaper supplies to the laboring man and at the same time better profits for the farmer.

Granting that this is true in Iowa and Illinois, let me ask my readers the question: What would be the result if a programme of production which would utilize this waste should be applied to the whole country? Livestock loans are almost unknown in some Eastern States, and in some parts of the South livestock farming is yet a pioneer industry.

DAIRY LOANS

Dairy loans are made for the purchase of high-grade cows and pure-bred sires with the express object of improving the dairy business. A good example of the purchase of high-grade cows and pure-bred bulls on credit is to be found in the Marinette County Advancement Association, Wisconsin. This is really a co-operative propaganda. It is the outgrowth of an effort by the business men of the county and the efforts of D. S. Bullock—then connected with the Marinette County Agricultural School—to assist those farmers who are honest and industrious, but have no funds and desire to get into the dairy business.

Any farmer in the county who wishes to get dairy cattle and does not have the money to pay for them can fill out an application blank for payment on time and send it to the secretary or the trustee of the association. The trustees then carefully investigate the merits of all applications. If they find an applicant is prepared to care properly for the stock and is a safe risk, the application is accepted. When enough applications have been accepted for a carload of stock, the purchase is made. Prof. F. H. Scribner, of the University of Wisconsin, assists in picking out the cattle and passes on their quality and value. However, when a man sends in an application, he names the breed he wants and the prices he

desires to pay, together with a statement of his resources and liabilities. Then he must take the stock bought for him according to the terms of his application. Upon receipt of the stock the buyer gives a note in payment, which is secured by a chattel mortgage. The note is payable to the trustees and may be paid off by monthly installments at any bank in the county.

During the three years previous to 1916, for which time this plan had been in operation, more than $20,000 worth of pure-bred Holsteins and Guernseys were purchased through the association on borrowed money.

A very similar plan to the one just described in Wisconsin has been in operation for many years in central and southern Illinois, and is now operating in six or seven counties in Michigan. The work was begun by W. Scott Matthews, State Food Commissioner of Illinois. In 1916 at a meeting of the bankers, business men, feed merchants and representatives of the dairy interests, a fund of $25,000 was subscribed for the purpose of teaching the farmers the proper use of this instrument of credit and to facilitate the dairy business in Illinois.

SUMMER GRAZING LOANS

Summer loans are loans made on cattle to be grazed during the summer months. This is the least important of the four sorts of cattle loans except in the thinly settled and range districts In fact this type of loan, with few exceptions, has been found a paying business only in the range territory where large pasturage areas are available. In late years, as the ranches have been put under fence and their areas have become more definite and restricted, the cattle-grazers have had less difficulty to obtain finance on grazing cattle as security. But in the regions where the ranches have been mostly broken up and large crops of forage and grain produced, grazing cattle have been found much less profitable than pen-feeding cattle. So the latter is the chief practice in the more highly developed farming sections. A good example is to be found in Michigan. Clay, Robinson & Co. have tried both the methods of financing winter feeders, and summer grazing cattle in Michigan. They have found the winter feeding of livestock in this state to be a very profitable business when the farmer has grown the grain and forage. On the other hand, they found the practice of buying cattle in the spring and grazing them through the summer was not so profitable. Similar reports have been obtained from cattle loan companies regarding various parts of the country. Therefore the practice of grazing cattle through the summer is falling into disrepute with the loan companies and experienced farmers in the more intense farming sections.

SECURITY OF CATTLE PAPER

The safety of a scrupulous, well defined cattle loan is beyond doubt par excellence. First of all, there is the chattel mortgage on the livestock, more than enough to liquidate the debt, and which can readily be turned into cash at any livestock market in the country on any day. Then there is the financial and moral responsibility of the stockman, farmer or rancher back of the business. Behind these obligations is the endorsement of the cattle loan company or "cattle bank." And finally the paper is secured by the guarantee of the local banker, who usually knows the circumstances and character of the local cattle growers. The guarantee of a banker to a security that is not absolutely safe is rare. With all this acknowledgment cattle loans are destined to be one of the most desirable forms of commercial paper in the near future.

DESIRABILITY OF CATTLE PAPER

At the Kansas Livestock Association meeting held at Wichita, Kans., in 1916, Beverly D. Harris said in part that the desirability of cattle paper is based on the following considerations:

1. The financial responsibility and strength of connections supporting the institution selling the paper, and the ability, experience and integrity and safe policies of the individuals concerned in its management.

The knowledge that they make careful and thorough inspections and look closely after the security throughout the life of the loan.

2. The character and responsibility, financial and moral, of the borrower. In the cattle business, as in every other, integrity and the moral risk are the first considerations. To quote from Mr. Hollings of the Inter-State National, Kansas City, "The brand on the man is more important than the brand on the cattle."

3. The character of the security, amount and margin, location, arrangements for feed, water and handling; transportation facilities; protection from weather and diseases.

4. Liquidity. Loans which will be naturally liquid within a short time by movement of the cattle to market, grown steers in the feed lot preferred. Stocker loans are oftentimes very safe and desirable, but this class of paper as a rule is slower in liquidating.

5. Loans on range cattle, calves and young stock are usually subject to more hazards than other loans. All conditions surrounding loans of this character should be looked into very carefully, with regard to safety.

6. The cattle mortgage laws of different states vary very materially in their provisions. They should be studied carefully and thoroughly understood. The original or certified copy of the mortgage should accompany the loan, showing filing and that all legal requirements have been complied with.

7. It is very important that all the stock mortgaged should have distinctive brands, and the location clearly recorded in the mortgages, by which the cattle can at any time be identified immediately. The cattle should be in pastures enclosed with fences and the mortgage should cover all cattle of any certain brand, or be a blanket mortgage covering all cattle of all brands belonging to the borrower. It is very unsafe to have mortgages held by different lenders on cattle of the same brand, running in the same pastures.

8. Many purchasers will not buy split loans. This is a matter requiring expert knowledge and judgment of conditions, as under some circumstances serious complications may arise.

9. Renewals should be taken with careful attention to the laws of various states and with a full understanding of the circumstances warranting the renewal, and that the security is not being impaired or dissipated.

10. Loans on equities or undivided interests are undesirable.

The buyer of cattle paper has little to fear. The original lender is the one who takes the greatest risk. But he is perfectly safe if he only uses good common-sense methods. He should carefully scrutinize the collateral back of a note. He should know enough about livestock to know their market value and be able to determine the margin sufficient to take care of all usual contingencies, such as disease, accident, drought and market fluctuations. The second buyer of cattle paper has his chief safeguard in the business ability and integrity making and guaranteeing the loan.



Banks to Promote Sale of Treasury Savings Certificates

EVERY bank in Waterbury, Conn., has agreed to cooperate in the plan inaugurated by the Government Savings Organization for purchase of the new $100 Treasury Savings Certificates by wage earners on a part payment basis. Under this plan, the banks become agents for the handling of the government securities. Each subscriber pays in to the bank $2 a week which is entered as a special Treasury Savings Certificate. When these payments aggregate the price of the certificate, the bank will deliver the certificate to the subscriber.

This plan became widely popular among the wage earners and factory employes of Waterbury during the Liberty Bond campaigns and thousands purchased bonds under its provisions. The Citizens Bank has sent a letter to the 15,000 clients who purchased Liberty Bonds through the bank under the plan calling their attention to the new security and all clerks stationed at the Liberty Bond windows of the Waterbury banks have been instructed to explain the terms and advantage of the new certificates to patrons of the bank.

Begin, Mr. Banker, Begin!

By Roland Cole

OH, HOW I wish I could get under the skin of the average managing bank officer and prevail upon him to use a little of the common sense which he applies so excellently to the ordinary problems of his business, to the problem of the new business department.

Does the big metropolitan bank have a new business department?

Well, rather!

Does the average small bank in cities and towns and villages throughout the country have a new business department?

Not so you can notice it!

But, says the officer of the average small bank throughout the country, I thoroughly believe in the idea, and will have such a department some day.

But there's the pity of it, Iago. It is so easy for the average managing officer to say that, that he not only says it in 1919, but in 1920, and for a number of years in succession. And without serious intention of starting anything.

Now don't misunderstand me. Not all small banks fail to plan for increased business. I know of three banks, all located in very small towns, which have active, energetic new business departments. I suppose three banks out of ten or fifteen thousand banks in small towns throughout the United States is pretty good. Eh? But you probably know of others.

The big progressive banks believe in the new business department. They consider this department just as important to the continued welfare and prosperity of the bank as the continuance of tellers in the cages. As to how many of these banks realize the fullest measure of return from the activities of the new business department—well that's a cat of quite a different breed.

Just now I'm getting angry about the attitude of the smaller banker. Banking magazines are full of new business department ideas. In the table of contents of almost every issue of almost every banking publication will be found the words "new business." Bankers large and small must be reading these articles. Whenever you ask a banker if he has seen one of these stories he always says yes,—says it so quickly you almost doubt him, and then tells you he is doing practically that very thing right now in his own bank, or at least he plans to do it very soon, as soon as he can replace a lot of his clerks with more efficient ones, or when the strike is over or he moves into his new building which will be at least some time within the next five years or possibly ten.

The average small banker will sit in his office or stand on his front doorstep and listen to the most excellent ideas for going after new business or increasing the business from his present customers and then turn away to pick up a copy of the Country Gentleman or the Literary Digest and spend the remainder of the day in agitated consideration of national problems.

I do not guarantee that I would not do the same thing if I were a banker and had come to the position by the usual pathway of slow and painful elevation year after year. The heavy mantle of tradition, the congealing conservatism of one of the oldest businesses in the world, the ever-present and multitudinous restraining influences, would make it impossible for me to take any other course of action, I suppose, or rather to avoid taking the usual course followed by the average small banker.

But the average banker is today priding himself on his progressiveness. He is the patentee, he believes, of "service." He "offers" every facility to his customers. He claims his institution is as enterprising as the large manufacturing organizations.

But where is the manufacturing organization today which does not plan its sales as definitely as it plans next

month's purchases, next week's payroll and all of its unforeseen expenses? I can remember the day when those manufacturers who planned next week's sales were considered pioneers, geniuses of sales efficiency, wonderful exemplars of the principle of scientific management as applied to sales.

Today sales quotas are the *without-which-not* of every manufacturing organization.

The banker knows this—knows it just as well as you or I. When you bring him your financial statement for the purpose of discussing a loan, he wouldn't be very much alive to his own interests if he didn't want to know about your sales and how you plan them.

But when he looks at himself, why doesn't he apply the same principle to the bank? If his deposits are today $1,500,000.00 he knows that one year from today they can be $1,000,000.00 more than this or one-half as much or one-quarter as much, as he chooses.

So I say again, how I wish I could get under the skin of the average managing bank officer and ask him to apply common business sense to the running of his sales department. For that's what the new business department is, nothing more or less.

A CASE IN POINT.

Did you ever hear a conversation like the following:

Innocent Bystander: "You have a fine bank here."
Interested Banker: "Yes, I think so."
Inn. By.: "What are your resources?"
Int. Bk.: "$3,000,000.00."
Inn. By.: "What do you estimate they will be a year from now?"
Int. Bk.: "Not any less than that."
Inn. By.: "Can't I sell you an insurance policy to guarantee that they will be double that?"
Int. Bk.: "Oh, no. We have everything we can use along that line. In fact, we have more good ideas here in the bank now than we know what to do with."
Inn. By.: "Isn't that too bad?"
Int. Bk.: "Oh, no. When we get ready for them we will use them."

Then the banker goes inside and spends the next half hour working over the latest "figures."

Here's another case:

Innocent Bystander: "We're just starting a sales contest among the salesmen of our company to see which one of them can land the greatest amount of new business within the next three months. I should think that would be a good idea for you to follow in the banking business."
Interested Banker: "Well, we do practically the same thing."

And then he forgets all about it.

TRY THESE SUGGESTIONS.

But if I could possibly be the managing officer of a bank without attaining to the position in the usual course and could come into it fresh from another sphere, here's what I would do:

PLAN NO. 1.

I would call a meeting of department heads and officers for every morning at 8:30. Every one to go directly to the directors' room. I would be the chairman of the meeting. I would call the meeting to order at 8:35. I would have a regular program of business. I would have a big placard printed, posted on the walls, hung up above our heads and lying on the table before us, reading: "We Can Do It If We Want To."

I would open the meeting by saying: "The one big job for everybody in this bank is to increase our business. I want you to ask yourself this question, morning, noon and night,—'how can I increase the business of this bank?' Every morning when you come to this meeting I want somebody to present a new suggestion. If the suggestion possesses even a semblance of reasonableness it will be carried out so far as it is practical. It will be carried out if it takes the personal effort of every individual at this meeting. If we fail to carry it out we will consider no new suggestions until we do carry it out.

"I want everyone in this meeting to know that it is his particular business to sell this bank to its customers.

"I want everybody in this meeting who is dissatisfied in any way with his work, with his prospects, or with his

salary, to make it a point to see me in private at the first opportunity, with a full statement of his grievance. I am going to divide this meeting up into two factions, like 'sides' for a baseball game, and the motto of one side is going to be 'The Bank's All Right,' and the motto of the other side is going to be 'The Bank's All Wrong.'

"I want the members of this meeting to consider that the bank is on trial—a mock trial, if you please, and it is strictly up to them to acquit or convict the prisoner."

PLAN NO. 2.

I would appoint a committee of three or four selected from the officers and department heads of the bank and I would meet with them once a week. They should be known as the "Educational Committee." I would ask them to consider how every member of the bank force might be provided with the means of education for better qualifying himself to fill his position. It would be the duty of this committee to make recommendations for special courses of study, like chapters of the A. I. B., systematic reading, courses in personal efficiency, business training, accountancy, and the like.

PLAN NO. 3.

I would hold an evening meeting of the whole bank force at least once a month—a dinner meeting, and I would invite to this meeting a speaker of local or national reputation, whoever might be available, to address my employees upon some subject of timely interest or of banking. I would use the occasion to talk to them myself, commending them for the month's work and telling them everything I could about the bank, such as the latest figures on accounts, deposits, earnings and advertising plans. I would take them into my confidence to the very limit and make them feel that there wasn't anything about the bank which they could not know if they wanted to.

PLAN NO. 4.

I would organize a sales force at once, even if this sales force consisted of no more than one individual. This man would be trained to call on prospects and tell the bank's story in a dignified and effective way. If the sales force consisted of but one member, I would select an understudy for him and train this man along the same lines.

PLAN NO. 5.

I would start a new business department. I don't mean I would build a new office and man it with a force of people, fresh-hired for the purpose. I mean, however, that I would pick out from my present force the most promising member, preferably a young man, but it might be a girl, who possessed enterprise and initiative and vision enough to grasp the idea of selling the bank's service to the public. I would relieve this person of a portion of his present duties and make it possible for him to compile a "central card file," or list of present customers and desirable prospects for all the bank's facilities. I would coach this man, or woman, in the writing of business letters, meeting customers, and in developing ideas for increasing business and laying out campaigns. In other words, I would lay the foundation for a "sales department" and appropriate sufficient money for the purpose to enable it to grow, with my help, into a business-getting agency for the bank.

WHAT THE BANKING BUSINESS NEEDS.

Does this seem too much? Does this seem above the ability of the average country banker? Does this seem too much to expect from a bank whose business at present is growing by sheer force of the impetus imparted to it by the growing concerns around it?

How much longer is the average country banker going to deafen his ears to opportunity's knock?

A New York banker invented the idea that a bank can sell its service. It was a grand idea,—as every country banker discovers when he starts to put it into practice.

Just see what it means! It means the selection of a sales quota or goal for next year. It means that your

bank can become just as large as you think you would like to have it.

Isn't that a big idea?

I tell you the banking business needs men who can come into it from the outside, blessed with ignorance of the traditions of the elders, and fired by that holy enthusiasm which has inspired the builders of business in almost every other field of human endeavor.

The Financial Situation of Roumania

By Nicholas Petrescu, Ph.D.

THOUGH hampered by an intolerable currency situation and harassed by the international troubles of Southeastern Europe, the economic condition of Roumania to-day is more favorable than that of other European countries. Notwithstanding surface disturbance of her financial situation, the natural resources of the country are a guarantee for the future.

It is interesting to quote in this connection the words of an impartial observer, Louis E. Van Norman, the United States Trade Commissioner for Southeastern Europe, who visited the country a few months ago:

"Measured in terms of agricultural and mineral resources, new Roumania will be the richest country of its size in the world. The development of the vast natural resources of the country and the conversion of the crude staples into the finished products of the world's commerce, await the advent of American capital and American expert technical advice."*

NATURAL RESOURCES

The finances of Roumania have been affected not only by unprecedented war expenditures, but also by economic losses inflicted during the invasion. Roumania's war expenditures amounted to one and a half billion dollars, while her economic losses exceed three billion dollars. In the war expenditures are included the public debt (5,267,925,000 lei up to October 31, 1918), and the further expenditures necessitated by the military campaigns in Hungary and on the Russian front since the signing of the armistice. Under losses caused by the invasion are included the destruction of the petroleum industry, the wanton plunder of machinery and livestock, the confiscation of crops and the material damages of property. Thus the total losses in money and property suffered by Roumania from her entry into the war, (August, 1916) up to the present day amount to about five billion dollars.

In spite of these enormous losses Roumania is redressing her financial situation more quickly than any other European country. Her speedy recovery is chiefly due to her natural wealth and to her territorial acquisitions.

Roumania's natural wealth consists of agricultural products and mineral deposits. Of the exported goods in 1914, eighty-five per cent, were cereals and petroleum.

The new territories acquired by Roumania are about the size of the old Kingdom with a population of over seven millions. The province of Transylvania is especially rich in mineral deposits (iron, coal, etc.), the provinces of Banat and Bessarabia have a soil as fertile as the Roumanian plains, and the province of Bukovina has extensive forests and a prosperous lumber industry. With the acquisition of

*Report of Louis E. Van Norman, Trade Commissioner for the Department of Commerce for Southeastern Europe, August 14, 1910.



The National Bank of Roumania, Bucharest

these rich territories Roumania's natural resources have at least doubled.

Before the war Roumania's trade figure exceeded that of the four Balkan states (Serbia, Bulgaria, Greece, and Montenegro) put together. Recent figures for the entire Kingdom of Roumania are not available, but we obtain an insight into the economic possibilities of the country in considering the fact that Roumania's trade figure without the new territories amounted in 1913 to $129,446,000 for exports and $113,872,000 for imports.

With her natural resources doubled, Roumania is bound to recuperate her finances, however disorganized these may be at present. Her banking facilities, though not wholly adequate to the new business conditions, are improving every day. Additional banks are being founded throughout the country, and the new territories, especially those which belonged to the former Austro-Hungarian Empire, have already a developed banking system. The main problem of Roumania's finances is not only the acquisition of foreign credit and capital, but also the organization of a sound financing system directed to the economic education of the people at large. With this purpose in view, the existing financial institutions of Roumania have begun, as will be seen hereafter, the great work of economic and financial reconstruction of the country.

THE NATIONAL BANK OF ROUMANIA

The most important financial institution of Roumania is "The National Bank of Roumania" (Banca Nationalà a României), in Bucharest. Though a private institution, the National Bank has the privilege of issuing bank notes. Its statutes are similar to those of the Banque de France. The Government exercises control over its administration through representatives in the board of directors. The main business of the bank is the discounting of com-

mercial bills at a rate which varies according to the situation of the money market. The general policy of the National Bank has always been conservative and in accordance with the principles of a state institution. However, many business enterprises in the last thirty years in Roumania have been financed and promoted by the National Bank.

The services rendered by the National Bank during the war are worth mentioning. Through the intermediary of its branches over the whole country internal loans have been raised and the functioning of other private banks encouraged. Thanks to its services, the Roumanian Treasury has been able to adjust domestic financial problems. During the invasion of the country the National Bank moved its seat to Jassy, following the Government. The gold reserve was deposited in Moscow as a measure of precaution, but when the Bolsheviki came into power it was removed from there. Rumors had circulated at that time that the gold had been confiscated by the agents of Lenin.

On May 31, 1919, the Bank of Roumania had a gold reserve of 964,533,254 lei (francs) and 2,883,236,376 lei in notes.* Comparing these figures with those of state institutions in other European countries, we realize the favorable situation of the National Bank of Roumania. Thus the National Bank of Belgium had on June 19, 1919, notes in circulation amounting to 4,699,757,000 francs against a gold reserve of 265,785,000 francs. Again, the Banque de France had on September 11, 1919, notes in circulation amounting to 35,681,670,260 francs against a metallic stock (gold and silver) of 5,867,600,957 francs.

The accompanying table contains the balance of the National Bank of Roumania on May 24, 1919:**

Assets	Lei
Gold reserve	954,533,254
Silver and other specie	187,760
Notes of the General Roumanian Bank	99,169,086
Acceptances	110,992,723
Roumanian State Loan (1901)	8,042,556
Loan on current account against Treasury gold bonds (1914 and 1918)	1,584,725,350
Loans against Government bonds	43,040,224
Loan against Treasury bonds (1919)	421,929,305
Cash loan secured by industrial and agricultural enterprises	7,703,867
Bonds against capital of bank	11,997,418
Bonds issued against reserve funds	32,645,277
Bonds issued against amortization of real estate, personal property, etc.	3,813,181
Real estate	6,726,337
Personal property and printing presses	1,110,957
Administrative expenses	2,560,673
Current accounts	325,442,341
Bills payable	16,734,342
Miscellaneous	127,958,905
Total	3,759,259,752

Liabilities	
Capital and reserve	64,491,384
Amortization of real estate	7,712,574
Bank notes in circulation	2,830,983,505
Interest	1,915,762
Current accounts	409,804,462
Miscellaneous	444,352,065
Total	3,759,259,752

OTHER PRIVATE BANKS

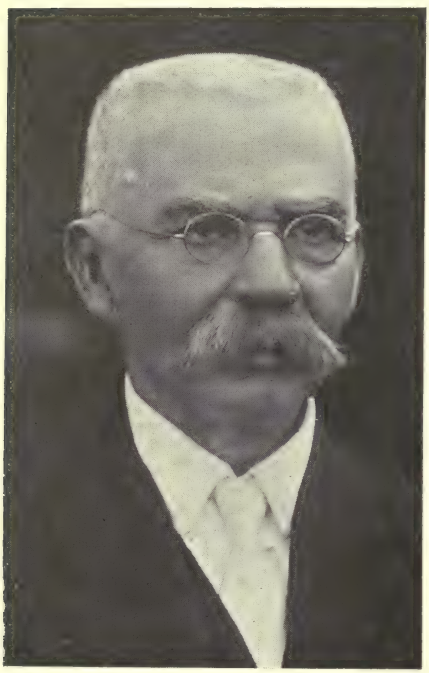
Besides the National Bank there are several private banks in Roumania, with capital varying between five and sixty million lei. The most important are: the General Roumanian Bank, Bank of Roumanian Credit, Discount Bank, Franco-Roumanian Bank, Peasant Bank, Agricultural Bank, Commercial Bank, Bank of Jassy, Bank of Marmorosch, Blank & Co., Bank of the Peasant Households, the Roumanian Bank of Commerce and Industry, etc. All these banks, with the exception of the Bank of Jassy, are situated in Bucharest.

The banks existing in the territories acquired from the former Austro-Hungarian and Russian Empires are undergoing radical changes on account of the adjustment necessitated by the in-

*A Roumanian leu is equivalent to the French franc; that is, 19.3 cents.

**For these figures I am indebted to the booklet "Reconstruction in Roumania," issued by the American-Roumanian Chamber of Commerce in New York and prepared by C. C. Orghidan, Chairman of the Roumanian Government Commission in the United States.

troduction of Roumanian currency. Their statutes are also in course of transformation. The banks in the province of Transylvania are especially prosperous, because the people of that part of the country are thrifty by tradition and necessity. Under the constant persecution of the Hungarians the Roumanians of Transylvania have developed the spirit of economic solidarity as a means of national self-defense. The most important financial institution in Transylvania is the Bank Albina.



M. BIBICESCU
Governor National Bank of Roumania

POPULAR BANKS AND AGRARIAN CO-OPERATIVE SOCIETIES

One of the most interesting features in the financial conditions of Roumania is to be found in the so-called "Popular Banks" and "Agrarian Co-operative Societies" which are established over the whole country for the economic convenience of the rural population. These banks are situated in every village and are conducted by the local population and with the support of a central institution in every district. The supreme control over the whole system of popular banks is exercised by the "Central House of Popular Banks and Co-operative Societies" in Bucharest. The capital of such banks is subscribed by the local populations. Every peasant member pays a certain amount in the beginning and then continues to subscribe in annual installments, for which he receives dividends varying between six and ten per cent. The amount of capital subscribed must not exceed 5,000 lei. This measure has been taken in order to ward off the influx of large capital and thereby to maintain the popular character of the banks unimpaired. There is, however, no limit to the amount of deposits.

The advantage derived from the banks by members is personal credit at a low rate of interest. Moreover, the popular banks engage in all business relating to farms (lease contracts, mortgages, etc.).

In 1906 there were two thousand popular banks with a total capital of 20,000,000 lei; in 1916 there were four thousand, with a total capital of 300,000,000 lei. These figures include only the popular banks in the Kingdom of Roumania proper. In the provinces Transylvania, Banat, Bukovina, and Bessarabia there are also a great number of such institutions.

The popular banks in Roumania have played a decisive rôle in the economic education of the people. In a country with a rural population in the majority (seventy-five per cent), the establishment of such banks was dictated not only by financial motives but also by a need of educating the great masses of people to a better understanding of the economic conditions of modern society. As a matter of fact, the popular banks and the agricultural co-operatives have inculcated the spirit of thrift in the Roumanian peasant. From a helpless victim of money-lenders and the all-powerful landlord who

took from him his earnings and his land in former times, the Roumanian peasant to-day has grown, thanks to the co-operative system, into a self-conscious member of the productive forces of the country. The new Land bill, whereby the large estates are expropriated by the Government for the benefit of the peasants, will develop the business activities of the popular banks much more than had been possible hitherto. For practically all peasants will become landholders, and their financial needs will grow in proportion to their economic prosperity. The social and financial function of the popular banks in Roumania will present in the near future an analogous aspect with that resulting from the banking system created in the United States by the Federal farm loan act, reaching into the rural districts and operating on terms suited to the needs of farm owners.



THE CURRENCY SITUATION

Roumania is not the only European country suffering from the pressure of an abnormal rate of exchange. Although the Roumanian leu is much nearer to the English pound, the French franc, and the Italian lira than to the American dollar, yet this fact does not specially ameliorate the situation, for Great Britain, France, and Italy have little to sell to Roumania at present on account of the disorganization of their own industries. On the other hand, Roumania has little to sell to those countries, since her agricultural and industrial products ordinarily available for export are at present not sufficient to influence the trade balance and the currency situation of the country. These conditions will continue for at least one year longer, provided the political situation in Southeastern Europe will not require fresh military intervention and

provided also that future crops will be abundant enough to enable an export of agricultural products equal to pre-war figures.

THE UNITED STATES AND ROUMANIA

The United States is the only country where Roumania can find the manufactured articles greatly needed for her agriculture, industries, and domestic necessities. Yet the difference of exchange (one leu is at present worth only about six cents) is so great that the purchase of goods in this country becomes very difficult. The granting of credits would be the only solution. The American exporter is, however, reluctant about trading on such a basis as long as he receives no encouragement from the large financial institutions of his country. The indifference on the part of the American financiers is due to the fact that Roumania's foreign trade possibilities are not known. The sending of commercial agents to Roumania would greatly contribute to an economic *rapprochement* between the two countries. The Roumanian market offers more opportunities than any other European market.

An efficacious method of credits has been introduced in Roumania lately by British exporters. It consists in selling the goods on policies payable at a date when the currency situation of the country reaches a normal stage. The rate of interest on such credits vary between six and ten per cent. Thanks to this measure, the British manufacturers have secured a solid place in the Roumanian market.

The American exporter could well afford to grant credits to Roumanian traders along the same lines. The effect of such an action would be the establishment of a sound economic policy between the two countries. It is true that at present the United States finds many foreign markets in which to dispose of its manufactured goods, so that Roumania may not appeal to the average trader. However, this state of affairs will not last a very long time. France, Italy, Belgium, or even Germany, will soon redress their industries. In that case their need of manufactured goods will be satisfied with the domestic production, and their market will thus no more demand the import of American goods. On the other hand, Roumania's demand for manufactured articles will be lasting, for the very reason that her industries are few and her chief source of production lies in agriculture.

The fact which I wish to bring home to the American business man is that if he neglects the Roumanian market at present he will find no other opportunity of gaining a foothold in it later. For other industrial countries will naturally drift toward it. German exporters are longing to regain their pre-war trade with Roumania. In spite of the reluctance which the Roumanian public might feel toward a new invasion of German manufactured goods, there would be no material reason for opposing it.

In short, the United States could help Roumania at present by granting her credits for the purchase of American manufactured goods necessary for the economic reconstruction of the country. In doing this the United States would secure a lasting place in the Roumanian market, which fact would be a more valuable asset than the ephemeral opportunities offered by other European markets at present.

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Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts Upon Questions of the Law of Banking and Negotiable Instruments.

Collection of Out-of-Town Checks

Richardson Grain Separator Company v. East Hennepin State Bank, Supreme Court of Minnesota. 174 N. W. Rep. 415.

The payee of a check, drawn on a Chicago bank, deposited it for collection in a bank located in one of the suburbs of Minneapolis. This bank had no Chicago correspondent and the payee of the check was aware of that fact. The bank forwarded the check to a bank in Mankato, Minn., and the latter sent it to its correspondent in Chicago, which duly made presentment for payment. But the drawee bank had closed its doors one hour before the presentment was made and the check was not paid. The drawer had sufficient funds on deposit and the check would have been paid if it had been presented before the bank closed. It appeared that it was customary for outlying Minneapolis banks to forward Chicago checks for collection through central Minneapolis banks. But it also appeared that, if this method had been employed, the check would still not have reached the drawee before its failure. It was held that the bank, in which the check was deposited, was not guilty of negligence in handling the collection as it did, and that it was not liable to the payee.

OPINION

Action by the Richardson Grain Separator Company against the East Hennepin State Bank. Judgment for defendant, and plaintiff appeals. Affirmed.

HALLAM, J. This action is brought against defendant bank to recover damages for delay in presentment of a check for payment. The court found that defendant exercised due diligence in handling the check and gave judgment for defendant. The question on this appeal is: Does the evidence sustain this finding?

The check was drawn by a Chicago firm on a Chicago bank, and in favor of plaintiff, a Minneapolis corporation. Plaintiff received the check at Minneapolis by mail June 25, 1917. The same day plaintiff mailed the check to defendant, a small "outlying bank" in Minneapolis, as the court found, for "collection and credit." Defendant received it on the morning of the 26th. Defendant "undertook its collection," and on the same day mailed it to the First National Bank of Mankato for collection. It arrived there June 27th. The same day the Mankato bank mailed it to the First National Bank of Chicago for collection. That bank received it June 28th and presented it for payment June 29th. At an earlier hour on that day the drawee bank closed its doors. The drawer of the check had funds in the bank, and had the check been presented a day earlier it would have been paid.

Had the defendant had a Chicago correspondent, it might have forwarded the check direct to Chicago on June 26th and thus saved a day. But it did not have a Chicago correspondent. Plaintiff knew that fact. Mr. Thorbus, plaintiff's president and sole manager, was also vice president and a director of defendant bank, and had been its president. The usual method of collecting Chicago checks, by a Minneapolis bank without a Chicago correspondent, was through the medium of a bank that had a Chicago correspondent. The Mankato bank was such a bank. There were a number of such banks in Minneapolis. The Northwestern National was one such. Defendant "cleared" its local checks through this bank. Had it sent this check by special messenger to

the Northwestern National before 3 p. m., June 26th, the check would have been forwarded to Chicago on that day and a day saved. But there is evidence that it was not usual banking custom to do this. The usual custom, when an outlying bank in Minneapolis desired to employ a central bank to collect out of town checks, was to transmit them to the central bank by messenger on the morning of the day following their receipt. It is apparent, therefore, that if this check had been handled through the Northwestern National Bank of Minneapolis, and in the usual way of handling checks through central Minneapolis banks, it would not have arrived in Chicago any earlier than it in fact did.

The Negotiable Instruments Act does not help us. It prescribes the duty of the holder of a check (G. S. 1913, §§5998, 6005), but not the duty of a collecting bank. The rules applicable in the two cases are not necessarily the same. Morse on Banking, § 238.

A check is intended for payment and not for general circulation. Gifford v. Hardell, 88 Wis. 538, 60 N. W. 1064, 43 Am. St. Rep. 925; Parker v. Reddick, 65 Miss. 242, 3 South. 575, 7 Am. St. Rep. 646; Fegley v. McDonald, 89 Pa. 128; Gordon v. Levine, 194 Mass. 418, 80 N. E. 505, 10 L. R. A. (N. S.) 1153, 120 Am St. Rep. 565, 10 Ann. Cas. 1119. When a bank receives a check for collection it must use due diligence in presenting it for payment. If drawn on a bank in another city it must forward it for collection within a reasonable time. Some authorities state that to present or forward it for presentment on the day following its receipt is, as a matter of law, due diligence. Morse on Banking, § 238; Martin v. Home Bank, 30 App. Div. 498, 52 N. Y. Supp. 464. This rule has the virtue of certainty, but we doubt the advisability of adopting this arbitrary standard. Whether this is due diligence is a question of fact rather than of law. It appears to be the practice of the Minnesota banks here concerned, in forwarding out of town checks by mail, to forward them on the same day they are received. See, also, Morse on Banking, § 242.

When a bank receives an out of town check for collection, it must forward it for presentment by a reasonably direct and not a circuitous route. See 8 Corpus Juris, 542; Gregg & Co. v. Beane, 69 Vt. 22, 37 Atl. 248; First National Bank v. Miller, 43 Neb. 791, 62 N. W. 195. The usual commercial route is sufficient. Sublette Exchange Bank v. Fitzgerald, 168 Ill. App. 240. When the holder of a check utilizes the agency of a bank to make his collections, he may expect the customary speed of banks and no more. See Plover Savings Bank v. Moodie, 135 Iowa, 685, 110 N. W. 29, 113 N. W. 476. And when he employs, for the purpose of collecting a Chicago check, an outlying bank known by him to have no Chicago correspondent, he has a right to expect only the customary speed of banks similarly situated.

Complaint is made that this check was forwarded by a circuitous route. If time had been lost by the relaying of this check through Mankato, we should hesitate to hold that such conduct was due diligence. But as above indicated no time was lost, by this method. The use of an improper method entails no liability if no damage is done. First National Bank v. Buckhannon Bank, 80 Md. 475, 31 Atl. 302, 27 L. R. A. 332.

Plaintiff relies somewhat on a conversation alleged to have taken place before the organization of defendant bank between Mr. Thorbus, who was then its prospective president, and Mr. Preus, its prospective vice president, in which the desirability of a Chicago account was discussed and in which Mr. Preus is alleged to have said that it was not necessary to have a Chicago correspondent to collect Chicago checks, but that such checks could be "shot over" to a central Minneapolis bank and gotten into Chicago just as quickly as though sent to a correspondent bank in Chicago. We do not attach as much importance to this conversation as does plaintiff. There is no suggestion that in this conversation Mr. Thorbus was in any sense acting for plaintiff. As a

prospective officer of the bank he was discussing with a prospective fellow officer matters of policy in connection with the management of the bank. There was neither contract, representation, nor estoppel, as far as plaintiff was concerned.

The method employed by the bank was found by the court to be reasonable. We think this finding is sustained. In the absence of special arrangement the use of this method was sufficient. No special arrangement was made.

Order affirmed.

Dividends on Stock Pledged to Bank

First National Bank of Waterloo v. Exchange National Bank of Seneca, New York Court of Appeals, 123 N. E. Rep. 368.

Where stock is pledged to a bank and dividends are declared on the stock, it is the right and duty of the bank to collect the dividends and apply them to the reduction of the indebtedness for which the stock was pledged.

OPINION

Appeal from Supreme Court, Appellate Division, Fourth Department.

Action by the First National Bank of Waterloo against the Exchange National Bank of Seneca Falls and another, as trustee in bankruptcy of Francis Bacon. From a judgment of the Appellate Division (179 App. Div. 22, 164 N. Y. Supp. 1092), unanimously affirming a judgment at Special Term for plaintiff (179 App. Div. 22, 153 N. Y. Supp. 818), defendants appeal. Judgment modified, and as modified affirmed.

PER CURIAM. Several of the questions sought to be raised by the appellants are conclusively settled by the unanimous affirmance by the Appellate Division of the judgment of the Special Term. A careful consideration of the other questions argued fails to disclose any substantial error which would justify the reversal of the judgment. There is, however, one error in the form of the judgment which necessitates a modification of it.

It appears that from October 1, 1908, to April 1, 1915, the First National Bank of Waterloo has declared on the stock pledged to it 14 dividends of 2½ per cent each, making a total of $4,427.50, and in the thirteenth subdivision of the judgment it is provided that the purchaser or purchasers of such stock upon the sale directed to be made shall be entitled to all the dividends which have been declared upon said stocks or any of them and which remain unpaid, together with any dividends which may be declared and remain unpaid prior to such sale. This is contrary to the general rule. It is well settled that, under circumstances similar to those here established, it is the right and duty of the pledgee of stock to collect the dividends declared thereon and apply them towards reduction of the indebtedness for which the stock is held as security. This rule was reiterated recently by this court. See Brightson v. Claflin, 225 N. Y. 469, 122 N. E. 458, and authorities there cited. The dividends declared upon the stock of the plaintiff remain in its possession and are not subject of a sale, but should be applied, prior to the sale, in reduction of the indebtedness found due. If at the time of the sale a dividend has been declared on the stock which has not become payable, then as to that dividend the purchaser of the stock would take it.

The judgment should therefore be modified by striking out the thirteenth subdivision and inserting in place thereof the following: That the plaintiff, prior to the sale of the stocks ordered to be sold, apply on the amount found due it all dividends which have been declared on said stocks or any of them and which are due and remain unpaid at the date of sale, together with the interest on such dividends from the entry of judgment on the remittitur of

this court to said sale, and the purchaser of the certificates of stock issued by the First National Bank of Waterloo is required to surrender said certificates to the plaintiff and have issued in the place thereof certificates representing 126½ shares of the present capital stock of the plaintiff; and the judgment, as thus modified, should be affirmed, with costs.

Bank Purchasing Bill of Lading Not Liable for Defect of Shipment

Terre Haute Nat. Bank. v. Horne-Andrews Commission Company, Court of Appeals of Georgia. 101 S. E. Rep. 6.

A commission merchant purchased a carload of corn from a dealer in Terre Haute, Ind. The dealer drew a draft for the purchase price on the commission merchant, payable to a bank at Terre Haute and sold it to the bank. A bill of lading was issued to the bank, which the bank sent along with the draft to another bank at the place where the commission merchant was located. The merchant was obliged to pay the draft without the opportunity of inspecting the corn and afterwards found out that the corn was unfit for use and valueless. In the meantime the dealer had become insolvent and the merchant sought to hold the Terre Haute bank liable for the amount of the draft. It was held that, in such circumstances, a bank does not warrant the quality of the shipment against which the draft is drawn and that the bank could not be held liable.

OPINION

LUKE, J. Horne-Andrews Commission Company, a corporation of Baldwin County, Ga., brought suit by attachment against Terre Haute National Bank, a resident of the State of Indiana. The petition was in two counts.

The first count of the petition alleged:

(1) On or about February 18, 1918, plaintiff purchased from the Prater-Mottier Company of Terre Haute, Ind., one car of yellow ear corn at 1.88½ a bushel f. o. b. cars at Milledgeville, Ga.

(2) The total amount of the purchase money was $1,447.05, for which sum said Prater-Mottier Company on February 19, 1918, drew a draft on plaintiff, payable to the order of Terre Haute National Bank, at Terre Haute, Ind., and attached said draft to a bill of lading covering said car of corn.

(3) Upon the arrival of said draft and bill of lading at the first National Bank of Milledgeville, Ga., for collection, the same was duly presented to plaintiff, and plaintiff, without having the privilege or opportunity of inspecting said corn, paid said draft to the First National Bank of Milledgeville, Ga.

(4) Immediately thereafter the said car of corn was delivered to plaintiff at its warehouse in the city of Milledgeville, Ga., and upon inspection it was ascertained that said corn was damp and hot and rotting, and utterly unfit for use of man or beast, and utterly valueless, and plaintiff received no consideration whatever for its payment of the amount hereinbefore set out, to wit, $1,447.05.

(5) Under plaintiff's contract said corn was to be delivered to it in Milledgeville, Ga., and under the terms of said contract the delivery thereof to the common carrier in Terre Haute, Ind., was not a delivery to it.

(6) The bill of lading was issued by the Louisville & Nashville Railroad Company at Evansville, Ind., to the Terre Haute National Bank of Terre Haute, Ind., and therefore at the time said corn was delivered to said carrier for shipment to Milledgeville, Ga., said Terre Haute National Bank was the owner of said corn, and assumed, by virtue of its contract with said Prater-Mottier Company, the obligation of said company to deliver the corn in

mercantile condition to plaintiff at Milledgeville, Ga.

(7) The draft for the purchase money of said corn, accompanying said bill of lading, was drawn, payable to said Terre Haute National Bank, and was delivered to said bank, not for collection only, but in consideration of the actual sale of the corn to said Terre Haute National Bank.

(8) Pending the arrival of said corn in Milledgeville, the said Prater-Mottier Company went into the hands of a receiver.

(9) Plaintiff therefore avers that there has been a total failure of consideration under the contract, and that it has received no consideration whatever for the $1,447.05 paid as hereinbefore set out, and that for the reasons hereinbefore stated the said Terre Haute National Bank is liable to plaintiff in the full sum of $1,447.05, besides interest at 7 per cent. per annum from February 18, 1918.

(10) On March 9, 1918, after the plaintiff ascertained that said corn was utterly valueless, it sued out an attachment, returnable to the superior court of Baldwin county, Ga., making the affidavit and executing the bond required by the laws of said state, and caused said attachment to be levied by garnishment, summons of which was duly served upon the First National Bank of Milledgeville, Ga.

(11) Under said summons of garnishment the said First National Bank of Milledgeville, Ga., is holding in its possession the sum of $997.31, and it will answer that it hold said sum of money under said summons of garnishment at the July term, 1918, of the superior court of said county.

The second count repeats the allegations of paragraphs 1, 2, 3, and 4, and alleges:

(5) At the time of the delivery of said corn by said Prater-Mottier Company at Evansville, Ind., the point of shipment, it transferred to the Terre Haute National Bank of Terre Haute, Ind., the bill of lading from said carrier for the corn shipped by it, and at the same time gave to said bank a draft drawn by it for the purchase money thereof under the terms of its contract with plaintiff, to wit, $1,447.05, payable to the order of said bank.

(6) Therefore the said Terre Haute National Bank became the purchaser of said corn before its shipment from Evansville, Ind., and before its delivery to plaintiff.

(7) Therefore said plaintiff was not liable to said Terre Haute National Bank on said bill of lading or on said draft in any sum whatever, because said corn, as hereinbefore set out, was utterly valueless.

(8) Plaintiff is entitled to recover from said Terre Haute National Bank the full amount of said purchase money, for the reason that it paid said draft, relying in good faith upon the shipment by said Terre Haute National Bank of mercantile corn, and, the bill of lading being accompanied with a sight draft, it had neither the privilege nor the opportunity of examining said corn before said draft was presented for payment and actually paid by it.

Paragraphs 9, 10, and 11 of the second count repeat the allegations of the corresponding paragraphs of the first count. Both counts of the petition concluded with the same prayer, to wit, for judgment in personam against Terre Haute National Bank for the sum sued for, $1,447.05, and for judgment in rem against the funds of said bank in the hands of the garnishee.

The defendant demurred generally upon two grounds: (1) That neither the first nor the second count of the petition sets out a cause of action; (2) that "the court is without jurisdiction of the case of a national bank, which it appears this defendant is, for that it appears from the petition that the defendant is a national bank, and suit by attachment cannot be entertained by the superior court before a final judgment has been rendered against it, as it appears from the petition." The court overruled the demurrer upon both grounds, and the defendant excepted.

The petition in neither of the counts pleads such cause of action as renders the defendant Terre Haute National Bank liable upon warranty of the goods purchased by the plaintiff from Prater-Mottier Company. No such relation between plaintiff and defendant has arisen simply upon the purchase of the draft and bill of lading by the defendant of the goods bought as will entitle the plaintiff to recover for a breach of duty imposed by law upon the seller of the goods.

Judgment reversed.



Surety on Note Released by Bank's Failure to Record Mortgage

East Atlanta Bank v. Warren, Court of Appeals of Georgia, 98 S. E. Rep. 797 .

The failure on the part of a bank to record a mortgage securing a note, will release one who signed the note as surety from liability, if the bank's neglect in this regard increases the surety's risk in any way.

OPINION

Error from Superior Court, De Kalb County; C. W. Smith, Judge.

Action by the East Atlanta Bank against M. L. Warren and others. Judgment for defendants, and plaintiff brings error. Affirmed.

BROYLES, P. J. The note sued upon was given as a renewal of a note past due. M. L. Warren was merely a surety on the note sued upon, and this fact was known to the plaintiff, the owner of the note. The note was executed on August 31, 1915. On July 6, 1915, the plaintiff took a mortgage, or loan deed, from the makers of the note, to secure the payment of another note due by them and also any other indebtedness the makers might owe the plaintiff. When this mortgage was given, the makers owed the plaintiff the debt for which the note sued upon was subsequently given. This mortgage was never recorded. The makers of the note went into bankruptcy. The plaintiff proved its claim in the bankrupt court, abandoned its mortgage, and made no effort to foreclose it. The surety testified that one of the inducements held out to him by the plaintiff to sign the note sued upon was that the mortgage had been taken from the makers of the note to secure its payment.

Under these circumstances, we think the failure of the owner of the note to record the mortgage increased the risk of the surety and discharged him. The real test is, not whether the note and the mortgage to secure it were given contemporaneously, but whether, under the facts stated, the failure to place the mortgage on record increased the surety's risk. The fact that the makers of the mortgage refused to sign it until the mortgagee agreed not to record it would not prevent the surety from being released, he not being a party to the agreement and being in ignorance thereof at the time he was induced to sign the note sued upon. The surety did not contend that the note and the mortgage were executed contemporaneously, and there was no evidence that they were. The court therefore erred in instructing the jury that the surety did so contend, and in charging them, in substance, that it was for them to say whether or not the note and the mortgage were given contemporaneously. Under the above ruling, however, this error was harmless and does not require a new trial.

The verdict was amply supported by the evidence, and the court did not err in refusing to grant a new trial.

Judgment affirmed.



National Bank Failure Liable on Contract of Guaranty

Ellis v. Citizens' National Bank of Portales, Supreme Court of New Mexico. 183 Pac. Rep. 34.

In the absence of an express grant of authority, a banking corporation, as a rule, has not the power to become the guarantor or surety of the obligation of

another person, or to lend its credit to any person. This general rule applies to national banks, as well as to other banks.

In this case one of the customers of a national bank owed it money, which he was unable to pay. At the time the bank was in need of money, so some one representing the bank told the customer to go out and borrow the money. The bank gave him a letter guaranteeing the repayment of the loan. With this letter in his possession, he succeeded in borrowing the amount of his indebtedness to the bank, which he promptly paid over to the bank. It was held that the bank, having received the benefit of the transaction, was responsible on its contract of guaranty.

OPINION

Action by John Ellis and William I. Shriver, joint administrators of the estate of George Ellis, deceased, against the Citizens' National Bank of Portales, New Mexico. Judgment for defendant dismissing the complaint and plaintiffs appeal. Reversed and remanded with direction to enter judgment for plaintiffs.

ROBERTS, J. Only a brief statement of the facts in this case will be necessary, in view of the full statement made in the case of Ellis v. Stone, 21 N. M. 730, 158 Pac. 480, L. R. A. 1916F, 1228. That cause of action was instituted against Lula Stone, executrix of the estate of James P. Stone, deceased, upon a guaranty of a loan made by Ellis to W. W. Humble. The letter relied upon as constituting the guaranty is set out in full in the reported case. It is there held that the letter constituted a guaranty, but further held that it was not the individual undertaking of Stone; consequently, it would necessarily follow that it was the undertaking of the bank. This cause of action was instituted against the bank by the administrators of the estate of Ellis to recover on the guaranty. The bank received all the benefits from the loan, Humble getting no money, but simply receiving credit on the past-due note which he owed the bank.

The appellee bank answered the complaint, alleging that the guaranty was beyond the power of the bank and ultra vires, admitting that the complaint stated a cause of action in the alternative for money had and received, but as to this cause of action pleaded the statute of limitations. The court held that the suit could not be maintained upon the guaranty, and that as to the action for money had and received the statute of limitations had run. Judgment was entered for the appellee, dismissing the complaint.

If the suit can be maintained upon the written guaranty, concededly the statute has not run against the cause of action. On the other hand, if no cause of action is sustainable on the written guaranty, the statute has run against the action for money had and received. This, therefore, presents the only real question for determination in the case.

On behalf of appellee it is contended that a contract of guaranty of the paper of a third person, to which a national bank holds no title, and concerning which the contract of guaranty is not necessary or incidental to the transfer of title to the instrument, is beyond the powers of the bank, as conferred by the National Banking Act (Act. Cong. June 3, 1864, c. 106, 13 Stat. 99), is ultra vires, and no suit can be maintained upon any such guaranty, and that in no case is the bank estopped from pleading its ultra vires to any suit brought thereon. The section of the National Banking Act defining the powers of national banks is as follows:

"To exercise by its board of directors, or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidence of debt; by receiving deposits; by buying and selling exchange, coin and bullion; by loaning money on personal security; and by obtaining, issuing, and circulating notes according to the provisions of this title." Section

8 (1 U. S. Compiled Statutes, § 9661).

Many authorities are cited by appellee holding that a national bank has no power to guarantee the debt of another, and that its act in so doing is ultra vires, when such loan is for the benefit of a third person, and that the bank is not estopped from setting up the ultra vires character of the act, even though the contract has been executed on the part of the party receiving such guaranty.

It is beyond question that the cases referred to sustain the contention of appellee, and many other cases might be cited to the same effect, but these cases do not reach the point involved in this case, and are distinguishable in this: In all these cases the bank did not receive the proceeds obtained in the transaction in which the guaranty was given. Consequently, a national bank being precluded from loaning its credit to another, its attempt to do so is beyond its power.

That a national bank has the power to borrow money is not questioned, and is liable in an action for money so borrowed, whatever may be the nature of the obligation given for the loan. The question always is, "Was it a loan to the bank and did it receive the benefits?"

In the present case all the benefits of the transaction accrued to the bank. Stripped of form, the transaction was simply this: The bank was hard pressed for money. Humble owed it past-due obligations which he was unable to meet. It put him forward as a borrower for the purpose of procuring money, and gave a written guaranty for the repayment of the loan to be made to Humble. The proceeds of the loan were all received by the bank and converted to its use. Under such circumstances we think, beyond question, that the contract was not ultra vires, and that the bank is liable on the same. The case of People's Bank of Belleville v. Manufacturer's National Bank of Chicago, 101 U. S. 181, 25 L. Ed. 907, while not exactly on all fours with the present case, clearly demonstrates, in our judgment, the liability of the bank on the guaranty in question here. The only difference between the two cases is that in the Peoples' Bank of Bellevue v. Manufacturer's National Bank of Chicago the notes in question passed through the bank. The court said:

"A few remarks will suffice to give our view of the law touching the rights of the parties.

"The National Banking Act (13 Stat. at L. 99; R. S. § 5136 [U. S. Comp. st. § 9661]) gives to every bank created under it the right 'to exercise by its board of directors, or duly authorized agents, all such incidental powers as shall be necessary to carry on the business of banking, by *discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt,* by receiving deposits,' etc. Nothing in the act explains or qualifies the terms italicized. To hand over with an indorsement and guaranty is one of the commonest modes of transferring the securities named. Undoubtedly, a bank might endorse, waiving demand and notice,' and would be bound accordingly. A guaranty is a less onerous and stringent contract than that created by such an indorsement. We see no reason to doubt that, under the circumstances of this case, it was competent for the defendant to give the guaranty here in question. It is to be presumed the vice-president had rightfully the power he assumed to exercise, and the defendant is estopped to deny it. Where one or two innocent parties must suffer for the wrongful act of a third, he who gave the power to do the wrong must bear the burden of the consequences.

"The doctrine of ultra vires has no application in cases like this. Merch. Bk. v. St. Bk., 10 Wall, [77 U. S.] 604 [19 L. Ed. 1008].

"All the parties engaged in the transaction and the privies were agents of the defendant. If there were any defect of authority on their part, the retention and enjoyment of the proceeds of the transaction by their principal constituted an acquiescence as effectual as would have been the most formal authorization in advance, or the

most formal ratification afterwards. These facts preclude the defendant from resisting the demand of the plaintiff. Whart. Ag. § 89, Big., Estop. 423; R. R. Co. v. Howard, 7 Wall, [74 U. S.] 392 [19 L Ed. 117]; Kelsey v. Bk., 69 Pa. 426; Steamboat Co. v. McCutchen, 13 Pa. 13. A different result would be a reproach to our jurisprudence.

"Whether, if the guaranty were void, the fund received by the defendant as its consideration moving from the plaintiff could be recovered back in this action upon the common count is a point which we do not find it necessary to consider. See U. S. v. Bk., 96 U. S. 33 [24 L. Ed. 647]."

The judgment of the district court will be reversed, and the cause remanded, with instructions to enter judgment for the appellant for the amount found to be due; and it is so ordered.

"While America Sleeps"

By Noble Foster Hoggson

Member of the American Industrial Commission to France

FROM an economic and industrial point of view, the war, in spite of the tremendous sacrifices of men and material and money, is not yet won. America and the other nations which stopped the German hordes and dictated the terms of peace, have entered the era of reconstruction with a great advantage over those nations whose representatives "signed on the dotted line," but unless we and our former allies duplicate our victories on the field of battle with just as decisive victories in the fields of commerce and trade, there is danger that some day we shall look back on the years that followed the war with a realization that we won nothing but glory.

Theoretically, nearly every nation and individual is awake to the opportunities of the hour. There are few people who do not realize that the countries which are the first to take advantage of the new order of things and get down to work in earnest will reap the largest harvests in world trade and domestic prosperity. But America, which ought to be the most alert of the allies, seems to be lagging behind the rest. Great Britain and France and Belgium each appears to be making better progress than America, not in spite of their handicaps but because of them. They realize that hard work will be required to bring their countries back to the prosperity they enjoyed before the war, but their realization of the need is more intense than ours.

In England, where nearly every family was represented on the casualty lists, the average wage earner knows that he must help make up for his country's great losses in man power. In France, where the losses in men were even greater, the people are awake to the same need for action, and in addition they see on every side concrete evidences of the destructiveness of war along material lines. They know that debates will not cultivate shell-torn fields nor good intentions rebuild pillaged factories. The French have started work in earnest and have surprised the world with the progress they have been able to make.

Eugene Schneider, chairman of the French Mission to the International Trade Conference, recently held at Atlantic City, and head of the famous Creusot works in France which supplied the French, British and American armies with "seventy-fives" and other guns during the war, told the conference at one of its sessions that "the reconstruction of our devastated regions is to-day in full swing." "At the time

of the armistice," he continued, "we had 1,400 miles of railroads to rebuild, and by September 1 of this year we had completed 1,250 of the total. We had 1,160 bridges, tunnels and viaducts of one sort and another to rebuild, and by September 1 we had already completed 588. Of 670 miles of navigable waterways to be repaired, we had already finished 450 miles at that same date. Out of 550,000 buildings destroyed or damaged by the war, we had repaired 60,000 by the beginning of September, put up over 16,000 huts and begun the construction of over 60,000 new homes. We have cleared up shells over an area of 1,500 square miles and have filled in nearly 80,000,000 cubic yards of trenches. We have sent back 990,000 refugees, opened 5,000 schools and reorganized 3,872 civic communities."

In this country, because the loss of life was comparatively small and the cities and countryside were undisturbed by shellfire, the majority of the people see no danger in relaxing from the strain of war, thinking that their country lost almost nothing and can afford to rest awhile. But America's losses in material wealth during the war were very great, though less tangible than some of the losses of European nations. The energies of millions of men and women, normally devoted to the production of plows and typewriters and buildings and other commodities that continue to be of use for years after their manufacture—some of them for use in the creation of other useful goods —were turned during the war to the production of shells and engines of warfare whose only mission was to destroy and be destroyed. The diversion of our energies from the production of useful, lasting commodities to the manufacture of material for a tremendous bonfire has brought about a strange situation in which we find ourselves rich in gold but poor in the goods for which gold is merely an exchange medium.

PRODUCTION THE PRINCIPAL CURE

The principal cure is production, the creation by hard work and honest effort of the goods that we were too busy to produce while the war was on. It is only through production and the accumulation of a stock of marketable commodities that we can successfully re-enter the field of commerce and hold our own amid the intensified rivalries of post-war trade.

The progress of the nations that were at war toward the goal of normal production seems to be in inverse proportion to their facilities for resuming production. France and England, which lost more heavily than America, are wider awake because their losses were tangible and of a sort that even the dullest mind can comprehend. And Germany, the heaviest loser of all, is even more active in her efforts to get back to normal. The reason is simple. The average German, the workman and the peasant, upon whom production primarily depends, realizes that his country needs his services. The tremendous burdens imposed on Germany by the peace treaty set a task upon the Germans which at once impressed their minds and their imaginations. They have set themselves to work, impatient to pay off their debts as soon as possible, and their tasks have taken their minds off trivial difficulties and discords such as are keeping America idle.

A noted German engineer said a few weeks ago that the obligation imposed upon Germany to rebuild the devastated areas of France and Belgium has provided an artificial stimulus for German industry that was sorely needed in times of general lethargy. Knowing that only by hard work and serious application their nation can be economically revived, the German workman has expressed himself as willing to work ten hours a day and has agreed to give an extra hour of his time to help wipe out his country's debts. He is giving to his fatherland what is more valuable than gold, the productive labor that constitutes the basis of all wealth.

Meanwhile America is marking time, though the rest of the world is hastening to make up for the losses of war. Instead of productiveness we have lethargy and a continual procession of strikes caused by a vague spirit of un-

rest which ignores vital needs and chases after rainbows. In addition to the unprecedented current demand for goods of all kinds on the part of American buyers, a large part of the outside world stands ready to buy whatever we can produce. The opportunity for world trade, so long sought, is here, but production is lagging instead of increasing to meet the demand. France, after her hardest efforts in her own behalf, has finally come to a realization that she needs the help of American business men to restore her pre-war prosperity. Captain Hector Franchomme, one of the leading manufacturers of Lille, was recently quoted as saying:

"We have lost in destroyed buildings alone 10,500,000,000 francs' worth of property. Our full capacity for new construction before the war was only 1,500,000,000 francs. Now, with lack of material, labor and money, it is much less than that. So, if we try to do this work alone it will take us more than ten years to restore conditions as they existed prior to 1914 in this one item of rebuilding destroyed homes and factories. We must have cement—many thousand tons of it—from America, also building hardware, steel, wood, household furniture and many other things."

When the armistice was signed America faced a future of extraordinary opportunity. A year has passed in which other nations have made progress while we stood still. Where will the second anniversary of the armistice find us?

Better Bank Letters

USE of personal and form letters by banks for the purpose of extending business connections and increasing the use of facilities by old customers, has been and is rapidly increasing. So bankers should be particularly interested in the work of the Better Letters' Association, which held a convention recently in Cleveland.

"The price of paper is going up all the time," President W. O. Rutherford, of Akron, told the delegates. "We must have fewer and better letters. As we have arrived at a new viewpoint in selling,—to help the other fellow succeed,—so we must arrive at a new viewpoint in letter writing,—service."

Form letters are useful as they are effective and they are effective as they are carefully considered and well worded, with due regard to the point of view of the prospective recipient.

The same is true and more so of personal letters. "A form of direct advertising that to my mind is being much neglected is the personal letter," said James I. Clarke, of the National Bank of Commerce, at the New Orleans Convention recently. "I fully believe that the personal letter has no peer in direct advertising today. I am not speaking of form letters, camoflaged typewritten letters or any other type of hoax. It is the truest form of direct advertising to write a customer a letter giving the views of your institution as to, let us say, the export situation as it affects his particular business. It will get his attention more surely and more completely than if you sent him practically the same information in published form, and his reply will doubtless add to your own knowledge of the subject. I believe financial institutions should encourage correspondence of this nature and equip themselves to handle it."

Something of the psychology of good letter writing was brought out at the Cleveland meeting by R. B. Newton, correspondence supervisor of Wilson & Co., Chicago. For example:

Many organizations have an arbitrary rule that no letter may go into the mails that begins with "We" or "I."

This rule may seem a little far fetched,

yet it is based on the perfectly good and simple reason that folks, little or big, selfish or unselfish, good or bad, are interested, first of all in themselves.

"Where do I come in?" "What good will that do me?" These are the most natural, logical questions in the world, questions that the writer of letters will do well to recognize and keep in mind.

For instance, if you invite a man home with you for dinner and, after dinner, he smokes one of your best cigars and talks of his job and what he is going to do; persists in telling you how well his wife can cook, and quotes endlessly the witty sayings of his children—the chances are, when he finally goes, you heave a sigh of relief and say to the wife, "Jack's a smart fellow, all right, but gee whiz, what a conceited pup!"

On the other hand, if this same dinner guest repays your hospitality by: "Some fine little place you have here, Jim"; listens with well feigned interest to the prattle of your youngest; vows that your garden is two weeks ahead of any other he has seen, and closes his discourse with bountiful and heartening forecasts as to your progress and future, he's paved the way for many another free meal—hasn't he?

Human beings line up about the same, whether it be the fellow across the desk from you, in the neighboring town, or across three thousand miles of water. He may be perfectly willing to agree that you are selling the best product in the world; that your facilities for manufacturing it are unparalleled, and that your service is unsurpassed—BUT he won't part with any of HIS MONEY until you show him some concrete benefit HE WILL DERIVE by so doing. The "show me" instinct is not confined to one state.

Accordingly, the foundation upon which we must build interest in our products, our plans, and our wishes is not so much upon what they are to us, or upon what we may feel concerning them. It is essential, of course, that we believe thoroughly in what we are offering, but in our letters we must make our opinion secondary. First of all we must get on the other fellow's side of the fence. We must look at what we offer through HIS eyes; talk to him of the benefits HE will derive from buying as we want him to buy, from selling as we want him to sell; working as we want him to work.

It's worth while after we have written a letter with its usual quota of "we," "I," "my," "our," and "mine," to rewrite it, substituting or rearranging to use YOU and YOUR. The difference in atmosphere created by the change is amazing. It is the "You SPIRIT" contrasted with the big "I." It's an application of COURTESY in the way that helps most.

The possibilities of the form and personal letter in the promotion of bank business are susceptible of great development and to attain greater perfection the point of view of the outside critic must be obtained. As Mr. Newton says:

> He assumes the position of a disinterested, impartial observer, approximately the same attitude your letter will meet at its ultimate destination. He bases his suggestions primarily upon his own reaction to your letter, backed up by a knowledge of fundamentals, and a careful study of the results produced by a certain type of letter under the same or similar circumstances. By deduction, then, reckoning in the law of averages, he can offer constructive criticisms, which, in the majority of cases, it would serve you well to consider.

Accepting Banks and Banking Institutions

THAT there has been a remarkable growth in the bank acceptance business in this country is indicated by the increase in the number of accepting banks in each of the twelve Federal Reserve districts. Morton H. Fry of Bernhard, Scholle & Co., New York, has prepared and published a pamphlet setting forth a list of accepting banks and banking institutions in the United States, and while the compilation does not include the total number of accepting banks in the country it does name those whose bills appear in the market most frequently.

Four years ago the accepting institutions in the United States numbered little more than a score. The list now published names 446, distributed as follows:

Federal Reserve District	*Accepting Banks*
1—Boston	45
2—New York	131
3—Philadelphia	26
4—Cleveland	33
5—Richmond	46
6—Atlanta	25
7—Chicago	35
8—St. Louis	27
9—Minneapolis	10
10—Kansas City	20
11—Dallas	19
12—San Francisco	29

International Banking and Finance

SPECIAL The BANKERS MAGAZINE SECTION

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France's Foreign Trade

FRANCE'S FOREIGN TRADE.

THE administration of the French Custom House has recently published statistics regarding the export and import figures during the first eight months of 1919. The total imported goods reached the amount of 18,475,706,000 francs against 14,622,943,000 francs, for the same period in 1918; that is, an increase of almost four billion francs. On the other hand, the total exported goods amounted to only 4,116,441,000 francs against 3,337,758,000 francs in 1918.

In considering these figures one understands why the French franc is depreciated. The French Government and the large financial institutions of the country have taken measures to encourage production and the export of manufactured goods. The majority of industries are now working under normal conditions. It is expected that the trade balance of the country will show a decided improvement within the next six months.

THE LABOR TREATY WITH ITALY.

The new labor treaty concluded between the French and Italian governments has been signed. It contains twenty-six articles with regard to the rules that should be observed towards the workers of the two countries. It admits immigrants under conditions of treatment equal to those enjoyed by nationals. The treaty also provides guarantees as regards the social and moral protection of the workers.

BANKS IN THE REGAINED TERRITORIES.

One of the most important financial institutions in Alsace is the Banque de Mulhouse. Founded in 1871 with a capital of 12 million francs, the Banque de Mulhouse has today a capital of 36 million francs. During the twenty-five years preceding the war, the bank distributed dividends varying between 8 and 10 per cent.

Another important financial institution is the Banque d'Alsace et de Lorraine, established also in 1871, after the end of the Franco-Prussian War, with the purpose of promoting the commerce and industry of the annexed provinces. The capital of the bank is 30 million francs.

Finally, the Société Générale Alsacienne de Banque, with a capital of 25 million francs, is the third important financial institution in the regained territories. Its council of administration is contemplating an increase of the capital to 50 million francs in order to meet the financial and economic conditions brought about by the new order of things.

The capital of all these three banks is subscribed by French, Alsatian, and Swiss people. For this reason the financial policy of the banks has always been loyal to the national interests of France.

THE FINANCIAL SITUATION OF FRANCE.

Mr. Klotz, the French Minister of Finance, made the following statements to the financial and economic Association of the Press in Paris: To those who are astonished at the financial crisis of the country, Mr. Klotz points out the heavy burdens which France has shouldered during four and a half years of war; two-thirds of the productive population under arms, ten rich provinces invaded by the enemy, shortage in production, stoppage of exportation, disorganization of communications, etc. Since the signing of the armistice France has been confronted with new financial burdens, namely, extraordinary expenditures for the liquidation of the war and the reconstruction of the country. The external public debt of France amounts to 30 billion francs, of which 27 billions are owed to the British and American Treasuries. To meet these obligations, France has 12 billion of credits on her Allies, 40 billions of foreign titles subscribed before 1914, and an indemnity recognized

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by Germany in a treaty signed by all the allied and associated powers.

Up to the present day France has been obliged to reconstruct alone the invaded territories and to help her allies of Eastern Europe by spending 10 billions for the first, and granting credits in amount of 1 billion francs to the latter. No wonder that the value of the franc has dwindled in comparison with the dollar and the pound.

In spite of these conditions, France's financial situation continues to improve, declared Mr. Klotz. A favorable symptom is reflected in the following figures of the savings banks: from January 1 to November 1, 1919, the deposits have exceeded the redemptions by 1,157 million francs, whereas the best year in this respect before the war, 1909, yielded an overplus of only 95 million francs. Moreover, the natural resources of France and her vast colonies are another guarantee for her financial future. Mr. Klotz reached the conclusion that France's creditors abroad have no reason to be pessimists as to the speedy recovery of the French finances.

Economic Conditions in Italy

THE FORCED LOAN.

The forced loan contemplated by the Italian Government will be applied to all fortunes over 20,000 lire, at a rate of interest of one per cent. The estimate of fortunes has already been made for this purpose. The quota will be at least five per cent. of fortunes of 20,000 lire with progressive augmentation of 10 per cent. for fortunes up

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to 110,000 lire, twenty per cent. for one million etc., and up to forty-five per cent. for fortunes exceeding one hundred million lire. An extraordinary tax will be applied to fortunes accumulated during the war and in analogous proportions with the forced loan. The fortunes of foreigners in Italy will be subjected to the same fiscal measures. It is expected that about twenty billion lire will be raised by this measure.

The forced loan has encountered a strong opposition on the part of the Italian public. The Italian Government, after a consultation with the financiers of the country, seems to be inclined to abandon its execution for the moment. Instead of such a loan, the following measures will probably be taken:

1. A direct tax on capital, less heavy than that contemplated by the forced loan, aimed especially at the fortunes realized during the war.

2. A big national loan at 3½ per cent. issued at par and redeemable at par, the subscribers being exempted from the tax on capital for the amount subscribed.

The net product of such a loan is estimated at 15 billion lire. With the product derived from the tax on capital the Treasury will be able to raise a sufficient amount to cover the financial needs of the country at present.

THE EMIGRATION OF ITALIAN CAPITAL.

According to a monthly report of the Banco di Roma, the purchase of foreign values by the Italian capitalists and savers is taking on appalling proportions. This fact is chiefly due to the coming fiscal measures (forced loan or tax on capital) contemplated by the Italian Government. The report warns the Italian public against the unpatriotic action of dodging the burdens of the country. It further remarks that those who invest their capital in foreign obligations will find no great alleviation, for their newly acquired values will be taxed in the respective countries, besides the fact that the depreciation of the Italian currency

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A PUBLICATION OF THE CREDITO ITALIANO

The Credito Italiano of Genoa has published two volumes on "Statistical Notices of the Italian Shareholders Societies," giving the data regarding all economic and financial corporations in Italy. The publication is designed to inform the public both at home and abroad about the economic possibilities of the country. Such information is especially valuable at present when the co-operation of the people at home and the attention of foreign capitalists are needed for the economic and financial reconstruction of the country.

Economic Conditions in Belgium

FINANCIAL SITUATION OF BELGIUM.

Mr. Delacroix, the Belgian Minister of Finance, makes the following statement regarding the actual situation of Belgium's finances: The public debt of Belgium has reached the amount of 18,500,000,000 francs, of which almost five billions represent the pre-war debt, and 12 and a half billions the war debt. In the war debt are included 7 and a half billion marks taken at par by the Belgian government after the liberation of the country from the Germans. This amount could not be made redeemable by Germany at present, for her financial means are at the disposal of the Allied Commission of Reparations. Mr. Delacroix has proposed that the said amount of marks should be replaced by interest-bearing bonds guaranteed by the Reichsbank. Finally, the Minister has declared that the damages of war should be liquidated as soon as possible in order to avoid

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further financial burdens which would result from the payment of interest on the delayed indemnities. On the whole, Belgium's finances will regain stability in the near future on account of the credits promised by the Allies and the indemnities guaranteed by the Treaty of Versailles.

THE INCOME TAX.

The new income tax demands eight per cent. of all incomes derived from unfixed values, six per cent. for certain professional incomes, two per cent. for all Government bonds, and one per cent. for certain remunerations of officials. An extra tax is charged on the total income of a person. It is estimated that the new income tax will yield about one-half billion francs to the Belgian Treasury. A tax on capital is not contemplated by the government at present, although it may become a possibility in the near future. For the expenditures required by the reconstruction of the invaded territories are covered for the time being by the normal financial resources of the country.

Economic Conditions in Czechoslovakia

The Czechoslovak Government is taking important measures for the economic reconstruction of the country. Mr. Hampel, the Minister of Labor, has reached an accord with the coal miners as regards the intensive production of coal as a means of meeting the growing demands of the industries. The nationalization of the mines will be effected with the same purpose of stimulating production. Practically all industries are now working under

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ACCOUNTS INVITED

RESOURCES 160 MILLION DOLLARS

normal conditions. The need of foreign capital is, however, felt for the development of the natural resources of the country. The Government is counting on the support of English and American capital for the future exploitation of mineral deposits.

THE NEW LOAN.

A loan of 300 million francs has been contracted by the Government of the Czechoslovak Republic through the intermediary of the Bank of Credit of Prague and the Société Générale in Paris and the Rotterdamsche Bankvereeniging in Rotterdam. The interest is ten per cent. The loan is secured by a monopoly on the exportation of sugar. As a consequence of this loan a commercial treaty has been signed between France and Czechoslovakia whereby French manufactured products are subjected to a privileged tariff.

THE CZECHOSLOVAK BANKS.

The development of the Czechoslovak banks has been steady for the last five years, although the world war has affected their financial operations. Thus the Agrarian Bank had in 1914 deposits in amount of 16 million kronen, while its deposits amount at present to 460 millions; the Bank of Moravia has passed from 24 to 418 million kronen; the Zivnobanka from 395 to 1,567 million kronen; the Sporobanka from 101 to 351 million kronen; and the Uverni Banka from 101 to 488 million kronen. The total amount deposited in the Czechoslovak banks is at present 3,938 million kronen against 1,752 million kronen in 1914.

One of the most important financial institutions in Czechoslovakia is the Zivnostenka Banka with a capital of 250 million kronen and a reserve fund of 50 million kronen. The Zivnostenka Banka in Prague is taking an active part in the financial and economic reconstruction of the country. Thanks to its services the Czechoslovak Treasury has been able to adjust many financial problems at home. The bank has branches over the whole country, and contemplates opening branches abroad in view of the growing demands of Czechoslovakia's foreign trade.

Reciprocity in International Banking

By Salvatore A. Cotillo

IF we are to make the world safe for democracy, the pre-war cutthroat competition in international commerce and finance must be abolish-

ed and fair systems of reciprocity must supplant it with a view of establishing and maintaining international cooperation that will produce concord and everlasting peace.

The American people I am sure are ready to assist in rehabilitating the commerce and finances of all foreign nations, and especially the Allied Nations who were associated with us in the great World War.



SALVATORE A. COTILLO

Senator Cotillo was born at Naples, Italy, but came to this country with his parents when six years old. He was educated in New York and became of member of the bar. As a member first of the Assembly and later of the Senate he has been conspicuously identified with legislation in the State of New York. During the European War he visited Italy and made numerous addresses there for the purpose of conveying to the Italian people a better understanding of Amprica's cooperation in the war. His work has received high official recognition.

The American people appreciate Italy's great sacrifices in the world struggle. We know that she will rise from her present financial and economic conditions a greater and a wealthier nation. It is our duty to help her, and it is to our advantage to help her, because her prosperity means our prosperity. She needs fuel, food, machinery and raw materials, that we have in abundance, and we need the products of her soil and her factories. Laws must be enacted and treaties negotiated that will facilitate the interchange of these commodities.

The war brought about revolutionary changes in American banking methods. Among these is the opening of branch banks in foreign countries, and the recognition of the great value of the trade and bank acceptances.

Under the Federal Reserve Act, national banks now can own stock in banks doing foreign business, and under the Banking Law of the State of New York (Section 110), any State Bank having a combined capital and surplus of One Million Dollars or over may operate branch offices outside of

Hibernia
Bank & Trust Co.
New Orleans
Announces the opening
of the
Hibernia
Securities Company, Inc.
Authorized Capital $1,000,000.00
To engage in the business of
General Corporate Financing

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CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER $50,000,000

the State of New York or the United States.

Under these laws, National and New York State Banks have taken advantage of this opportunity, and have opened branch offices throughout the world.

Foreign governments have been very liberal in granting American bankers charters to do business, and there is no reason why the United States and its constituent states should not reciprocate and permit foreign bankers to do business in this country under the same conditions that our bankers are permitted to do business abroad.

Naturally, competition breeds commercial jealousy, and in every country we will find small and selfish men living within a restricted national horizon who will object to the invasion of their territory by foreign bankers.

When we consider the complex system of government obtaining in the United States, with its limited national and international powers, and the separate and indestructible sovereign powers of forty-eight independent states, each having its own banking laws, it is easy to understand why reciprocal privileges cannot be immediately granted to foreign bankers. It would be unfair for United States bankers to expect to invade foreign fields and at the same time work against the passage of laws or the negotiation of treaties that will permit the foreign bankers to enjoy the same privileges in the United States. This inequality of privileges has already been the subject of discussion by prominent international bankers.

Charles Frederick Wood, Chairman of the Colonial Bank of London, recently stated:

"It may be well to note that British merchants and British banks in the West Indies are faced with an increasingly active competition by American interests. In consequence of the demand in the United States for West Indian produce, notably bananas, the Americans have long had substantial trade interests there, but it is now quite evident that they are doing their utmost in various ways to capture as large a proportion as possible of the general trade, and we have reason to think that at least one New York bank is contemplating establishing itself in different parts of the West Indies. So long as American or other competition is conducted on terms of equality there is no complaint to be made.

"If we cannot hold our trade under these conditions we deserve to lose it, but we trust that if New York banks open branches or agencies within the British Empire they will be subjected to conditions similar to those under which agencies of British banks have to work in the State of New York. I

Credits in the Dutch East Indies

SO IMPORTANT is credit in the Dutch East Indies that often it takes precedence over price. Numbers of small firms which are well worthy of the customary credits are not in a position to avail themselves of cash discounts. Before it can be decided what policy to pursue in such cases, reliable information as to the financial standing and commercial habits of each customer must be obtained.

The Chartered Bank of India, Australia and China, by reason of its own branches and agencies, can supply accurate information for its clients about mercantile institutions in the Dutch East Indies or elsewhere in the Orient. Branches and agencies are also maintained in the principal trade centers of Siam, India, China, Japan and the Philippines.

Inquire at our New York office for any form of Far Eastern banking service

Chartered Bank of India Australia and China

New York Agency, 88 Wall Street
William Baxter, Agent

Head Office
London

Capital and Reserve
Over $24,000,000

have reason to believe that this question is receiving the serious consideration of our Government."

This is a fair, logical argument and it applies not only to English bankers but to Italian bankers and bankers of other nations.

It is my opinion that under the treaty making powers contained in our Federal Constitution, that the President and the Senate can negotiate treaties that will remedy the inequality of the treatment complained of by Mr. Wood. A treaty duly negotiated by the President and the Senate is paramount at least to any State Law, and can only be modified or changed by an Act of Congress. If such a treaty should conflict with the National Banking Laws, it is my opinion that under the circumstances these laws can be quickly amended so as to carry out the desires of our people to help Italy in her efforts to rehabilitate her commerce and her finances.

International Chamber of Commerce

AN International Chamber of Commerce is to be one of the results of the recent trade conference at Atlantic City. The purposes of this organization will be "to promote international commerce, to facilitate the commercial intercourse of nations, to secure harmony of action on all international questions involving commerce and industry, and to promote peace, progress and cordial relations between the countries and their citizens by the co-operation of business men and their associations devoted to the development of commerce and industry."

A permanent headquarters in Europe, with a permanent staff, already has been decided upon. There will be a board of directors, a secretary-general, and an executive and technical staff from each country. A national bureau in each country will act as a liaison between the international and

National Bank of Greece

Head Office - ATHENS

Offers special facilities to manufacturers, exporters, merchants and bankers having business relations with the Near East

Capital fully paid £800,000

Reserve Fund, June 30, 1919 . . **1,420,000**

national organizations. Present plans call for an international meeting every two years. The board of directors, composed of two members from each country, will meet every year. Policies will be formulated by the board and by a referendum system.

The committee chosen at Atlantic City to arrange details of organization is made up as follows:

For Belgium—M. Canon-Legrand, M. Van den Ven, M. De Groote.

For France—M. Tirman M. Julien Potin, M. Godet, M. Dolleans.

For Great Britain—Sir Arthur Shirley Benn, K. B. E., M. P.; Sir James Hope Simpson, Marshall Stevens, M. P.; Hon. J. G. Jenkins, Judge John King, Frank Moore.

For Italy—B. Attllico, D. Gidoni, V. Meneghelli, P. G. Lazzerini, G. Fummi, A. Jaccerino, F. Quattrone, G. Granata, L. Solari, L. Peresi, G. B. Ceccato, O. Rosati, S. Oldrini, S. Serrati, P. De Cicco.

For the United States—Harry A. Wheeler, Chicago, Chairman; John J. Arnold, San Francisco; A. C. Bedford, New York; Wilbur J. Carr, Washington; Edward A. Filene, Boston; Myron T. Herrick, Cleveland; Alba B. Johnson, Philadelphia; Philip B. Kennedy, Washington; Edward G. Miner, Rochester; George Rublee, New York; F. A. Seiberling, Akron; Robert P. Skinner, London; George Ed Smith, New York; John H. Fahey, Boston; S. C. Mead, New York.

Long Commercial Credits to Europe

IN view of the failure of Congress to enact legislation which would assist in the solution of Europe's financial difficulties, the Foreign Trade Bulletin of the Guaranty Trust Company of New York believes that it is up to the individual American exporter to grant long credits to his European customer. The letter states:

Under thees circumstances and handicaps, and others equally trying, the American manufacturer and exporter can help the situation best by generosity in the matter of commercial credits. In addition to the

Keeping Pace with Business

THE BUILDING of American business to its present position—capable of supplying the needs of the world—has been a tremendous task, worthy the best traditions of American initiative and enterprise.

Providing the machinery to facilitate the handling of the output of our factories; for opening wider channels of distribution and financing to the ends of the world has also been a herculean task.

Keeping pace with the needs of American business the Park-Union Foreign Banking Corporation, through its branches affords the same high standard for the efficient transaction of foreign financial matters as is found when conducting business at home.

OFFICERS

Charles A. Holder
President

T. Fred Aspden
Vice-President

E. B. MacKenzie
Secretary & Treasurer

Our officers will be glad to consult with you on any matters pertaining to foreign banking.

SAN FRANCISCO SEATTLE
TOKIO YOKOHAMA SHANGHAI PARIS

Orther Branches in Process of Organization

Connections throughout the world

PARK-UNION
FOREIGN BANKING CORPORATION
56 Wall Street, New York
Paid Up Capital and Surplus, $2,250,000

European need for funds, which would make it a matter of humanity as well as good business to afford all accommodation in this matter that the exporter can afford, the state of transportation in Europe must not be lost sight of.

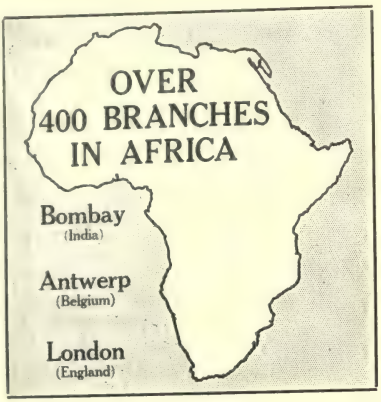
The shortage of coal is as great as ever. The strike here and the lessened production of British mines means that when the railroads of the continent can get coal at all, they must often use inferior kinds, slow of combustion and of low power. Under these circumstances the maintenance of normal schedules is impossible. Add to this the shortage of rolling stock, the general deterioration of roadbeds, aggravated by the lack of labor, and it can readily be understood that shipments of all kinds to interior points are subject to unpredictable delays. The port of Havre is even now congested with cotton shipped from America to supply the mills of Alsace and the Lille district.

Lacking raw material, these mills, and those engaged on other commodities, cannot resume operations, though every wheel be ready to turn. The driblets which come through enable some of them to work but only on a part time basis. The conversion of raw material into finished products, is, under such conditions, a long task. Distribution of manufacturers is subject to the same delay. It may very well be months, therefore, before the European manufacturer and merchant sees money in sight to replace that which he has laid out for the original American shipment. It is small wonder that the demand for credit is insistent.

Helping Germany Pay

ACCORDING to the trade letter of the Mechanics and Metals National Bank of New York, the allied nations will have to resume trade relations with Germany if they expect her to pay her indemnity and carry out the terms of the peace treaty. The letter states:

With respect to accepting goods from Europe in return for goods sent, there are many people who still believe that trade with the Germans would be unpatriotic. The principle involved, however, is simple. Germany, vanquished in the war, is a comparatively small country, not rich in natural resources, with a dense population that depends to a considerable extent for its



South Africa's Industries

IT IS ESTIMATED that South Africa has more than 5,000 factories representing capital of $250,000,000. These factories absorb annually raw materials valued at $70,000,000. Most of the raw materials, and practically all the machinery is imported — a large part from the United States.

We will be pleased to aid you in making trade connections in the territory and place at your service our more than 400 branches for handling financial matters.

National Bank of South Africa, Ltd.

New York Office, 10 Wall Street R. E. Saunders, Agent

Total Resources over $287,000,000



THE NATIONAL SHAWMUT BANK OF BOSTON

Resources over $250,000,000

A representative New England institution

livelihood upon markets beyond the German border.

The Germans are expected not only to live in the days that are ahead, but to bear the culprit's cost of the war. If then, Germany is to make reparation for her crimes, and if her indemnity is to be paid, her exports for a long time must exceed her imports. Instead of being crushed, she must be helped to recover. Otherwise, what profit will come out of the peace terms that have been imposed?

Germany cannot pay an indemnity in gold. She has only $266,000,000 of the metal in her central bank, which probably includes nearly all the free gold in the country. The proportion of gold to notes and deposits is now only 2½ per cent., compared with a reserve of about 60 per cent. kept before the war. To demand Germany's gold now would involve a collapse of Germany's credit structure, and the former Allies, in their own interest, are called upon to protect that structure. Resolutions that were made during the war never to buy anything made by German hands are already giving way in certain European countries before the necessity. The Allies could never, in the words of a Dutch banker, milk their cow and cut its throat at the same time.

The Royal Bank of Australia, Limited

FOR the half-year ending September 30 last this bank reports profits amounting to £41,489, which was appropriated as follows:

To pay a dividend at the rate of 9 per cent. per annum £22,500.

Transfer to the Reserve Fund (making it £335,000) £15,000.

To add to the amount carried forward from last half-year (making it £17,300 12s. 2d.) £3,989 3s. 5d.

The Royal Bank has total assets of £4,763,035.

Plans of New Bank Formed in Holland

A NEW Dutch bank has been formed to finance and develop Dutch trade with the countries bordering on the Mediterranean. The title of the new



Success Founded On Confidence

AFFILIATED BANKS

COLOMBIA
Banco Mercantil Americano de Colombia
Bogota, Barranquilla, Cartagena, Medellin, Manizales, Girardot, Cali, Honda, Armenia, Bucaramanga
Cucuta

PERU
Banco Mercantil Americano del Peru
Lima, Arequipa, Chiclayo, Callao, Trujillo

VENEZUELA
Banco Mercantil Americano de Caracas
Caracas, La Guayra, Maracaibo

BRAZIL
American Mercantile Bank of Brazil
Para, Pernambuco,

NICARAGUA
National Bank of Nicaragua
Managua, Bluefields, Leon, Granada

CUBA
Banco Mercantil Americano de Cuba
Havana

COSTA RICA
Banco Mercantil de Costa Rica
San Jose

HONDURAS
Banco Atlantida
La Ceiba, Tegucigalpa, San Pedro Sula, Puerto Cortez

One of the important reasons why the Mercantile Bank of the Americas is successful is that it has secured, through its affiliated institutions in Latin America, a knowledge of, and sympathy with, local conditions and customs.

Our affiliated banks enter completely into the life of the countries in which they are located. Men prominent in the financial and business affairs of their respective countries act in conjunction with Americans in executive capacities. Furthermore, our branches in France and Spain, combined with our offices in New York and New Orleans, and our shareholding banks throughout this country, provide Latin Americans with a banking service which satisfies their every requirement.

Business men of Colombia, Peru, Venezuela, Brazil, Nicaragua, Cuba, Costa Rica, and Honduras have confidence in our affiliated institutions. This confidence, shared by North and Latin Americans alike, is largely responsible for the substantial growth of the Mercantile Banks of the Americas.

We are always at the service of American banks to help them in their foreign trade.

MERCANTILE BANK OF THE AMERICAS

An American Bank for Foreign Trade

44 PINE STREET NEW YORK

NEW ORLEANS OFFICE
732 Gravier Street

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Gran Via 14

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BARCELONA OFFICE
Rambla de los Estudios-Canuda 2

Paid up Capital and Surplus . . . $10,000,000

Most Efficient Service

We are enabled through our thoroughly organized and equipped departments, and our close affiliations with prominent banking institutions throughout the world, to offer to merchants, manufacturers and bankers the most efficient service in all lines of banking, foreign and domestic.

THE
FIRST NATIONAL BANK
of Boston

Deposits - - - - $179,000,000
Resources - - over 260,000,000

Branch at Buenos Aires, Argentina

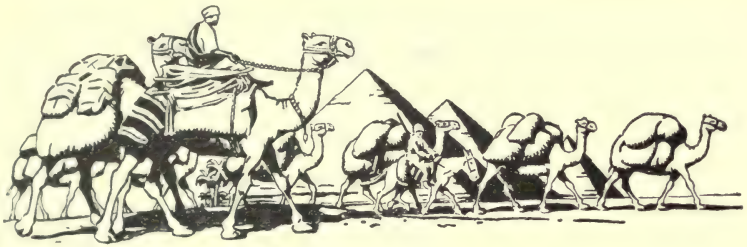
institution is Hollandsche Bank Voor de Middellandsche Zee (Dutch Bank for the Mediterranean), and it has been formed by the Rotterdamsche Bankvereeniging, the Hollandsche Bank Voor Zuid-Amerika, and with the cooperation of the Koninklijke Nederlandsche Stoomboot-Maatschappij (Royal Dutch Steamship Company). The head office of the bank is established at Amsterdam.



Bank Regulations in Norway Changed

AT a meeting of Norwegian private banks recently held at Frederikstad, the Financial Council discussed a proposal to extend the right of the Norges Bank in respect of its note issue. According to the law as it stands at present the bank's fiduciary circulation may not exceed the State gold cover by more than 70,000,000 kronen. Within certain limits foreign credit balances may be included in such cover. It is now suggested that the bank shall be permitted to issue notes for a sum equal to twice the amount of the gold cover, plus 70,000,000 kronen, but the foreign credit balances to be included in the gold cover are to be reduced. In exceptional circumstances, the King may authorize the issue of notes, free of taxation, for a fixed amount, but beyond that any notes issued will be subject to the fine for interest. It is hoped by this procedure to be able to regulate the money market.

At the same conference the question of increasing the capital of the Norges Bank was raised. It was shown that the position of the bank had continuously improved since the beginning of the year, and that in March the metal reserves had risen from 122,000,000 kronen to 148,000,000 kronen, though recently the note circulation had increased to 423,000,000 kronens, owing to State requirements. The State



Meeting Egypt's Needs

THE EGYPTIAN cotton crop for 1919-1920 is estimated at 600,000,000 pounds. With wealth gained from the marketing of its cotton, Egypt is buying liberally. American business men will find there a receptive market for building materials, clothing, cereals, foodstuffs, furniture, glassware, iron, steel, agricultural and electrical machinery, lamps and leather goods.

Through its branch office in Alexandria, the Bank of British West Africa offers direct connections and a co-operative banking service with Egypt. It maintains also branches in Morocco and in the various colonies along the fertile West Coast of Africa.

Our New York office will be glad to supply any information at its command

Bank of British West Africa

Head Office, London

New York Office—100 Beaver Street.

R. R. Appleby and Rowland Smith, Agents

Subscribed Capital $10,000,000

Paid Up $4,000,000 *Surplus and Undivided Profits* $2,000,000

Use a Canadian Bank for Canadian Business

The unusual conditions affecting Canadian exchange make the operation of financing American trade with Canada a task for specialists with unusual international banking connections.

The officers of the New York Agency of the Union Bank of Canada are specialists in Canadian exchange; behind them stands the whole organization of the Union Bank, with 390 branches in Canada and correspondents in all parts of the world. Their advice and assistance is always at the service of the American exporter, banker and importer doing business with Canada.

Our booklet
"Protecting Your Canadian Customer"
on request

Union Bank of Canada

Head Office
Winnipeg, Can.

New York Agency, 49 Wall St.
W. J. Dawson, F. L. Appleby, W. M. Forrest, Agents

Capital & Surplus
$13,600,000

remains indebted to the bank to the extent of 70,000,000 kronen.

Increase in British Bank Deposits

GREAT BRITAIN has not yet finished taking stock of the losses and gains which the World War has brought about in that empire. The British Admiralty has just made its final report of losses in merchant shipping during the war. A total of 2,479 ships were actually sunk, a loss in gross tonnage of 7,759,090 tons. Hun submarines were responsible for wrecking 2,099 of these vessels while 259 foundered from striking mines, Cruisers, torpedo boats and aircraft accounted for the remainder. In addition to these 675 fishing boats were lost.

On the other side of the ledger, however, a remarkable increase in bank deposits is shown by a report recently made by Barclay's Bank of London. In a group of the large banks the deposits have more than doubled. This may be attributed in part at least to the lessons of thrift and economy which were impressed on the nation during the war. This increase must be considered as additional to the savings represented by the tremendous sum invested in government war time securities.

In June, 1914, the deposits of the banks in question amounted to £438,984,000. In December, 1918, they had increased to £1,307,101,000, and in June, 1919, had reached £1,503,717,000. The extent to which the habit of regular and constant saving and investment in government securities has become a part of English national life is indicated by the fact that up to Oct. 18 of this year 366,607,303 War Savings Certificates of the maturity value of one pound each had been sold. These certificates correspond to the War Savings Stamps issued by the United States Treasury.

FRENCH AMERICAN
BANKING CORPORATION

67-69 William Street, New York

STATEMENT OF CONDITION, DECEMBER 31, 1919.

(Opened for Business July 1, 1919)

RESOURCES.

Cash on Hand and in Banks	$ 768,583.87
Due from Foreign Banks	841,989.56
Current Accounts	541,901.94
Investments	1,000.00
Demand Loans on Collateral	7,200,000.00
Other Loans on Collateral	20,000.00
Bankers Acceptances Purchased	935,996 54
Other Bills Purchased	71,000.00
Furniture and Fixtures	10,000.00
Accrued Interest, Commission and Other Items Receivable	24,633.57
Customers' Liability Under Acceptances and Letters of Credit	9,973,896.94
Exchange Sold, Payment Pending	1,920,195.33
	$22,309,197.75

LIABILITIES.

Capital	$ 2,000,000.00
Surplus	500,000.00
Undivided Profits	67,073.28
Current Accounts	7,298,572.94
Current Accounts, Foreign Currency	77,266.41
Acceptances	6,291,516.23
Letters of Credit and Foreign Acceptances	4,147,352.00
Exchange Bought—Payment Pending	1,103,626.99
Foreign Exchange	798,912.92
Reserved for Taxes	11,222.96
Other Liabilities	13,654.02
	$22,309,197.75

OFFICERS:

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Chairman of the Board of Directors

MAURICE SILVESTER	President
F. ABBOT GOODHUE	Vice-President
JOHN E. ROVENSKY	Vice-President
ROGER P. KAVANAGH	Vice-President
THOMAS E. GREEN	Secretary
ARTHUR TERRY	Treasurer

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National Bank of Commerce in New York

PAUL BOYER, President
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EDGAR LLEWELLYN, Manager
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DANIEL G. WING, President
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OWEN D. YOUNG, Vice-President
General Electric Company

The Union Bank of Manchester, Limited

Head Office
17 York St., Manchester, Eng.

Liverpool Office
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

	($5=£)
Nominal Capital	**$12,500,000**
Paid-up Capital	**3,750,000**
Reserve Capital	**3,750,000**
Subscribed Capital	**7,500,000**
Reserves	**2,825,000**
Surplus over Liabilities	**10,325,000**

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

London and River Plate Bank, Limited

THE London and River Plate Bank, Limited, which has its head office in London, and is affiliated with Lloyds Bank there, and does business chiefly in South America, namely the Argentine, Uruguay, Brazil and Chile, furnishes a balance sheet of date London, Sept. 30, 1919. From this and the London Times report of the meeting of the shareholders Sept. 30, 1919, the following facts and figures are taken:

Capital paid up, £1,800,000; reserve fund, £2,100,000; current accounts and deposits, £36,823,490; acceptances, £4,109,436; bills for collection, £5,592,716; total liabilities, £53,783,856.

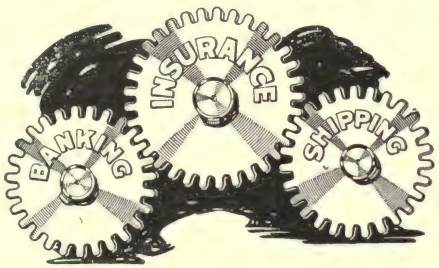
Assets: Cash on hand, at bankers and branches, £16,528,989; bills receivable, and discounted securities, etc., £30,817,313; bills for collection, £5,972,716; bank premises £424,498.

The profit and loss account showed gross profits of £1,091,906; the interim dividend was £108,000, and the total for the year £270,000 or 15 per cent.

Said the chairman, E. Ross Duffield, at the board meeting: "A strong position is of course not new to us. We have held it fifty-six years. But this has been a most satisfactory year to our shareholders, our depositors and other clients. The balance sheet now before you is certainly as good, if not better, than any we have been able heretofore to present.

"On the assets side we have £16,500,000 in cash, and in round figures £31,000,000 in bills and advances and investments. On the other side of the balance sheet you will see that we have in current accounts and on deposit at the head office and at our branches, over £36,000,000; our acceptances amount to £4,100,000, an increase of £1,640,000, compared with last year. Bills for collection amount to £5,970,000. These figures are records. They enable us to show a net profit of £505,-

How Marine Insurance Serves Business



Like geared wheels working together are Banking, Shipping and Marine Insurance—three of the great wheels of modern Business.

When the shipper loads his cargo for export he has it insured, presents his documents together with Certificate of Insurance at his bank, and is *paid at once*. His capital, no longer tied up in his cargo, is free for further use. And the banker is protected against loss.

Because of the service of Marine Insurance the shipper need not worry as to whether his cargo will reach its buyer at destination, nor need he wait through several weeks for payment.

Thus while producing safety for the assured, Marine Insurance does another and more surprising thing—it speeds the wheels of Industry.

We give service and information to all interested. We accept policies only through Brokers.

The Washington Marine Insurance Company of New York

51 Beaver Street

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halevy. Antwerp Branch: 22 Place de Meir
Lisbon Branch: 32 Rua Aurea

	($5=£1.)
CAPITAL (Authorized) - - - - - -	$20,000,000
SUBSCRIBED CAPITAL - - - -	15,000,000
PAID-UP CAPITAL - - - - - -	10,200,000
RESERVE FUND - - - - - -	10,500,000

DIRECTORS.

E. ROSS DUFFIELD, Esq.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C.E.
KENNETH MATHIESON, Esq.
J. W. BEAUMONT PEASE, Esq.
HERMAN B. SIM, Esq.
Sir RICHARD V. VASSAR-SMITH, Bart.
ROBERT A. THURBURN, Esq.

BANKERS: BANK OF ENGLAND;
LLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARR'S BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curityba, Porto Alegre, Victoria, also an agency at Manaos. URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.
Drafts and Cable Transfers Sold on all Branches and Agencies.

Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, AGENT.

000, or £105,000 better than the preceding year.

"I am dealing as you know with the first complete year since our close affiliation with Lloyds Bank. The London and River Plate Bank continues to work, as it always has, as a separate entity. But the association with Lloyds has proven highly satisfactory to us. The thousand and one channels for the introduction of business controlled by Lloyds Bank are turned our way as far as South America is concerned. We were strong before, but this has added to our strength.

"Our branches hitherto have been confined to four of the ten South America Republics, Argentina, Brazil, Chile and Uruguay. We have spread out in Brazil to cover the ground held in the pre-war period by the Germans. We have also arranged to open a branch in Asuncion, capital of Paraguay, and, in the far north of the continent a branch also at Bogota, the capital of Colombia. We have also extended our activities to Portugal and have opened a branch at Lisbon, its capital."

Mr. Duffield touches incidentally, in his address, on the wealth and progress of the Argentine, on the natural riches and development of Brazil, and on the copper, the nitrates and other resources of Chile. Of Brazil he says:

"The state of Rio Grande was before the war the stronghold of the Germans. They proved to be the enemies of Brazil as they were ours. We decided to extend our banking activities in that state. We have already opened a branch at Porto Alegre and intend shortly to open branches at Rio Grande and Pelotas."

The London and River Plate Bank has a branch in Buenos Aires and at twelve other points in the Argentine; three branches in Uruguay, one of them at Montevideo; branches at Rio, Santos, Sao Paulo, Bahia, Pernambuco and Manaos, Brazil; at Valparaiso and

Santiago, Chile, also; and in Paris, Antwerp and New York. The last named with W. R. Robbins, 51 Wall St., as agent.

Commercial Bank of Scotland, Limited

THE Commercial Bank of Scotland, Limited, Edinburgh, with an office in London, 184 branches in Scotland and numerous correspondents elsewhere in the United Kingdom, shows in its balance sheet of October 31 last, a capital paid up of £1,750,000 and a reserve of £1,000,000. The deposits then were £36,071,000, the notes in circulation £3,988,975, acceptances and other obligations £2,151,287. The assets in chief were these:

Specie, head office and branches, currency and cash balances, with the Bank of England and others, £5,123,875: Notes of other banks and cash documents, £2,548,305; money in London on call and short notice, £4,110,793; British government securities, £13,126,753; Indian and Colonial government securities and other investments £932,892; loans on securities, £1,212,396; bills discounted, including British Treasury bills, £7,445,205; advances, £8,028,231; customers liability for acceptances, £2,151,287; real estate, London and Scotland, £525,378; total assets, £45,205,117.

The dividend for the two half-year periods preceding had been £80,000 each, less an income tax of £24,000. The bonus for the year 1919 was £10,000, less income tax of £3,000, and there was credited to reserve fund, £150,000; and officers' retiring fund, £25,000.

The governor of this bank is the Marquis of Breadalbane; the general manager, Alex Robb; the London manager, George S. Coutts.

Banco de Chile

THE half-yearly statement of the Banco de Chile, issued June 30, 1919, shows the total assets to be $643,774,000. The fifty-second report of the board of directors to the shareholders indicated a profit for the half-year, after providing for bad and doubtful debts, to be $5,299,987.54. To this was added the sum of $3,091,267.33 brought forward from the last account. Of the total amount the directors proposed that a dividend of $8 per share be set aside for the stockholders, that a sum of $480,000 be set aside for the employees' fund, and the balance of $3,111,254.87 to be carried forward to the next account.

The New York correspondents of this bank are the Guaranty Trust Co. and the New York Produce Exchange Bank.

Javasche Bank

THE STATEMENT of the Javasche Bank of Batavia, Java, published Sept. 13, 1919, shows the bank to be in a prosperous condition. The bank has a number of branches throughout the Dutch East Indies and its liabilities are distributed as follows: Capital, 6,000,000 fl.; reserve, 3,942,000 fl.; pension and subsidiary funds, 839,000 fl.; bank notes in circulation, 287,688,000 fl.; bank drafts in circulation, 5,859,000 fl.; current accounts, 88,369,000 fl.; sundry liabilities, 8,577,000 fl.

The total assets of the institution are 401,274,000 fl.

New Philippine-American Chamber of Commerce

TO promote and protect commercial relations between the Philippine Islands and the United States some fifty business men met the Resident Commissioners of the Islands at Washington, Dec. 12, in the offices of the New York Agency of the Philippine National Bank, 37 Broadway, and organized the Philippine-American Chamber of Commerce, Inc.

Dr. H. Parker Willis, formerly of the Federal Reserve Bank, was chair-



The National Bank of the REPUBLIC OF CHICAGO

OFFERS exceptional service in exceptional times, and invites the accounts of responsible people requiring Chicago facilities.

Capital and Surplus $3,000,000

OFFICERS

John A. Lynch - - - President
Wm. T. Fenton, 1st Vice-Pres. & Mgr.
Robt. M. McKinney - 2nd Vice-Pres.
Watkin W. Kneath, - 3rd Vice-Pres.
Oscar H. Swan - - - Cashier
Walter L. Johnson - Asst. Cashier
Wm. B. Lavinia - - Asst. Cashier
Thomas D. Allin - Asst. Cashier
Louis J. Meahl - - Asst. Cashier
Wm. C. Freeman - Asst. Cashier
Chas. S. Macferran - Asst. Cashier

man of the meeting. Those who took principal parts in the establishment of the organization were: Charles C. Robinson, vice-president, Philippine National Bank; H. Studdeford, Hartman Pacific Company; J. E. Molloy, Lambert Sales Company; Resident Commissioners, Hon. Theo. R. Yangco and Jaime C. De Veyra; W. Morgan Schuster; Charles D. Orth, of Hanson and Orth; Bryce Le Jeune, Philippine Vegetable Oil Co.; R. Steinacher, Lutz & Company; G. S. Adair, Bowring & Company; E. A. McCreary, Juan Ysmael & Co.; Julius Reis, Manila Trading & Supply Co.; Abraham Meyer, American Undergarment Co.; Severiano Concepcion, Puno & Concepcion; J. L. Williams, Vice-President East River National Bank; W. F. Fitzsimmons, Vice-President Lincoln Trust Company; Donald McCready, American Bleached Goods Co.; Arsenio Luz; B. M. Bryan, Hy. W. Peabody & Co.; B. E Reuter; H. E. Voegeli, Dodge & Seymour; Sylvester Sullivan, Merchants & Manufacturers Exchange; E. M. Sholz, American Editor Trans-Pacific Magazine.

It was agreed among these that the establishment of this Chamber of Commerce is one of the most important steps yet taken to fostering trade with the Islands.

The organization will elect officers and directors at its next meeting. Charles C. Robinson, Charles D. Orth, Arsenio Luz, B. E. Reuter were appointed to nominate twelve directors and suggest means of functioning.

The articles of incorporation show the purposes of the Chamber as follows:

Procuring reliable information upon all matters pertaining to the commerce, industries, trades, agriculture, marine customs and transportation of the islands.

Rendering, on request, information on such matters to members or interested government officials.

Procuring credit ratings as to firms and persons in the Philippines and the United States.

Promulgating, in a suitable manner,

new laws and general information of interest to the business men of the Philippines and the United States.

Giving its members assistance in arbitrating business disputes.

Giving traveling members advice and assistance in making business connections and studying conditions.

Establishing, developing and protecting commercial and other economic relations between the members of the Chamber.

To establish and maintain a common ground where business men of the two countries may meet and discuss business and commercial problems.

Arranging, upon request, that members of the staff of the Head Office, or any of the Chambers representatives in the various parts of the United States of America or of the Philippine Islands, be appointed to act as special individual representatives in case of extensive investigations or conferences regarding special business matters.

To promote a more enlarged and friendly intercourse between business men of the United States and the Philippines.

The principal office of the Chamber of Commerce will be located in New York City. Other offices will be established shortly at other points.

James J. Rafferty, director of the Philippine Commercial Agency, who is among those active in forming the Chamber, will leave shortly for the Philippine Islands and in the course of his trip there will organize branches.

Argentine Branch Royal Bank of Canada

THE Royal Bank of Canada has opened a branch in Buenos Aires, Argentina, under the management of T. F. Dever, formerly the bank's manager in Barcelona, Spain, and before that a supervisor for it of Cuban branches. This makes 68 branches in all maintained by this institution in the West Indies, Central and South America, in addition to 547 in Canada and Newfoundland.

It has 72 foreign branches in all, 18 of them in the British West Indies; 3 in the French West Indies; one in Haiti; 31 in Cuba; 3 in Porto Rico; 5 in the Dominican Republic.

Besides the Argentine branch it has one also in Rio; 4 in Venezuela; 3 in British Guiana; one in British Honduras, and one in Costa Rica. Also branches in Barcelona, Spain, and London, and a Paris auxiliary, the Royal Bank of Canada (France); as well as its New York Agency at 68 William St.

The head office of the Royal is in Montreal. Its capital paid-up is $16,800,000; reserve, $17,400,000; assets, $493,000.

Italo-Belgian Bank

THE Banque Italo-Belge, or Italo Belgian Bank, presents its report and summary of June 16, 1919. From this the following items are extracted:

Branches of the bank have been opened in Paris and London. These limit their attention to the settlement of transactions of overseas branches and to the needs of the South American connections of the bank.

The South American branches of the bank were not obliged to avail themselves during the war of the moratorium declared in those countries.

One branch of the bank had just been established at Buenos Aires when the war was declared. In spite of the fact that the republic was then passing through critical circumstances, this branch thrived. The bank's branches in Brazil at Sao Paulo, Santos and Campinas and at Monteviedo, Uruguay, are also prosperous. For Chile it has appointed an agent to represent the bank and act under its instructions. Buildings have been acquired in Sao Paulo, Montevideo and Buenos Aires. The Italian government has appointed the South American branches of the bank, official correspondents of the

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President
RAFAEL MORENO, Secretary
D. GARCIA, Cashier
O. M. SHUMAN, Chief Foreign Dept.

($0.50 = 1 peso)

Authorized Capital . . .	(pesos)	10,000,000.00
Capital fully paid-up		6,704,600.00
Reserve Funds		3,577,300.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.
Spain: Banco Hispano Americano
Hongkong: Netherland India Com'l Bank
San Francisco: Wells Fargo Nevada Nat'l Bank
New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.
Paris; Comptoir Nat'l d'Escompte
Australia: Bank of New South Wales
Shanghai: Bank of Canton, Ltd.
Chicago: Continental & Commercial Nat'l Bank
Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

Royal Italian Treasury, and the bank also continues to participate, as in the past, in the operations of the states of Sao Paulo, Uruguay and Argentina.

The statement of the bank, dated June 30, 1918, shows capital, £550,250; reserve, £297,820; current accounts and deposits, £8,900,373; cash on hand, £3,054,886; bills receivable, £2,773,340; advances, £3,840,731; securities in guarantee and on deposit, £4,090,160. Total business, £14,396,912. The total profit and loss account was £428,284. Of this 5 per cent was appropriated to the legal reserve; £268,000 to the special reserve, and 10 per cent—£50,000 for dividend.

The head office of this bank is in Antwerp. It has branches in London and Paris.

Royal Bank of Scotland

THE ROYAL BANK OF SCOTLAND, which has its head office in Edinburgh, a Glasgow branch, and 165 others in Scotland, and a London office, furnishes an auditor's abstract of its affairs dated October 11, last, from which it appears that its capital is £2,000,000, its rest £1,082,276, its deposits £35,548,823, its notes in circulation £3,637,299, its acceptances £347,588 and drafts outstanding £1,367,461. It had among other assets at the same time, coin notes and cash £5,158,547, money on call, checks, etc., £5,783,604; British Government and colonial securities, railway and corporation, foreign government and bank stocks and other marketable securities, £12,766,092; bills discounted £9,085,480, of this British £6,087,000 Treasury bills; advances on cash, credit and current accounts, £9,085,480. The statement showed also bank buildings and other property in London and elsewhere yielding £573,250, net profits of £325,805, and dividends and bonus for the year of £154,000 out of a total profits of £1,356,276.

This bank was incorporated in 1727.

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office: HELSINGBORG, Sweden

Branches STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 62 other Places in Sweden

($0.26 = 1 Kr.)

Capital Paid Up . .	Kr. 30,000,000
Surplus About . .	Kr. 17,200,000
Resources About . .	Kr. 373,000,000

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

Inquiries and applications for terms are cordially invited and will find prompt attention

Principal New York Correspondents { The Mechanics & Metals National Bank / The National City Bank of New York

Plan for a School of Foreign Trade

JAMES A. FARRELL, chairman of the National Foreign Trade Council and president of the United States Steel Corporation, has begun a movement to endow a great School of Foreign Service. This is to be at Georgetown University, Washington, D. C. The school will be established on a broad basis of sound, liberal, economic principles and American ideals. Mr. Farrell has headed the subscription list for it with a gift of $20,000.

This is in line with the policy favoring commercial education for foreign trade pursued by the Council since its inception in 1914. This school will be the first of its kind endowed by any organization of business men.

In the curriculum special attention will be paid to teaching foreign languages. Japanese and Russian, as well as French, Spanish and Portuguese, are to be taught from the outset. Others will be added as America's foreign markets unfold.

Besides the language group of studies, there will be three others, viz., economic and commercial, law and political science, and shipping.

A faculty of twenty has been secured from the commercial personnel at the National Capital. Location of the school in Washington is believed to afford an advantage because of the proximity of dozens of educational and commercial organizations, such as the Pan-American Union, the Chamber of Commerce of the United States, the Congressional Library, the Federal Trade Commission, and the Department of Commerce, etc.

Explaining the project, Mr. Farrell says:

"As the first step toward filling the long-felt want of a specialized form of commercial education, a scientific programme for systematic and sustained training for foreign service has been formulated, in fact, applied by Georgetown University, working in coöperation with governmental bureaus and business men.

"A provisional half-year was begun on February 17, 1919, and closed on June 23, 1919. Twelve members of the first class have already been placed in the foreign service of the Government with private corporations engaged in export trade. For the next session, which began October 2, 1919, there were so many applicants that the chief difficulty was that of finding adequate space.

"The overhead expenses of the school might readily be met without a wide appeal, but the ultimate purpose for which it has been established cannot be fulfilled unless a large endowment is provided.

"Not less than $500,000 will be required at the outset for the proper conduct of a school conceived on such broad lines.

"The secretary of the National Foreign Trade Council, O. K. Davis, will receive and deposit all funds donated for this endowment of the School of Foreign Service. Checks should be made payable to the Georgetown School

The Logical Bank to Handle Cuban Business

Banco Internacional de Cuba

82 Branches located at all leading points as well as an intimate knowledge of Cuban Commerce requirements and customs

Inquiries invited

FOREIGN DEPARTMENT

HEAD OFFICE . . HAVANA, CUBA

of Foreign Service, and forwarded to Mr. Davis at India House, No. 1 Hanover Square, New York City."

Foreign Service of a Chicago Bank

THE Continental and Commercial National Bank of Chicago has established a foreign trade service. This is for the purpose of giving information to manufacturers and traders engaged or interested in foreign trade.

This department will collect data on industries, manufactures and products throughout the world, analyze and tabulate them.

The object is to assist United States manufacturers in disposing of their products abroad and to bring especially American merchants in touch with foreign buyers and sellers. The department will furnish reliable information on freight rates, duties, insurance and other details of foreign trade and will also enable exporters and importers to obtain quick report on the standing of any concern in prospect.

Manufacturers and traders who wish to dispose of commodities abroad, or to buy in foreign markets, should find the service of this department of definite value.

The Continental and Commercial National has capital of $21,500,000 and a surplus of $12,500,000. Its deposits, by a recent statement, were $339,850,000.

Bank in Peking, China

A CHINESE - AMERICAN bank, just organized in Peking, China, meets with friendly comment and approval there. The authorized capital of $10,000,000 has been fully subscribed.

Galen Stone of New York, one of the Americans interested, according to the dispatches, expressed the hope that it

Foreign Exchange Department

Letters of Credit Negotiated

Arrangements can be made for the importation of merchandise through the use of dollar acceptances

Capital $3,000,000 **Surplus $1,000,000**

OFFICES

Market and Fulton
81-83 Fulton St.
New York

Eighth Street
Broadway & 8th St.
New York

Sherman
Fifth Ave. & 32nd St.
New York

Aetna
92 West Broadway
New York

Long Island City
Bridge Plaza
Long Island City

Flatbush
839 Flatbush Ave.
Brooklyn

New Utrecht
New Utrecht Ave. & 54thSt.
Brooklyn

Brooklyn
350 Fulton St.
Brooklyn

Irving Trust Company

Frederic G. Lee, President

Woolworth Building, New York

would not only cement the friendship between China and America but materially advance the commerce and industry of China.

French American Banking Corporation

AT the close of business on December 31, 1919, the French American Banking Corporation had total assets of $22,309,197.75 and showed net profits of $67,073.28 after writing off all organization expenses and after providing for Federal and State taxes accrued and for depreciation of furniture and fixtures to the extent permitted by the Income Tax Law.

During the first three months of its existence the corporation earned expenses and during the following quarter when its organization had made some headway it earned about 2.68 per cent. on capital and surplus or 10.72 per cent. per annum over and above all expenses.

International Banking Notes

The Mercantile Bank of the Americas, New York, has opened a branch at Maracaibo, in Venezuela, the Banco Mercantil Americano de Caracas, with which it will be affiliated.

William Leon Graves was appointed assistant secretary of the Paris office of the Guaranty Trust Company of New York January 5, and the following were appointed to the Brussels office: Leon de Waele, as manager; Richard P. Staigg, assistant manager; Olaf Giese, secretary; G. C. de Cuester, assistant secretary.

The Royal Bank of Canada has opened a branch at Montevideo, Uruguay.

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E.C.3.

Capital Authorized and Subscribed . .	**$7,500,000**	**(£1,500,000)**
Capital Paid-up	**3,750,000**	**(£ 750,000)**
Reserve Fund and Undivided Profits . .	**3,928,970**	**(£ 785,794)**

BANKERS: Bank of England; London Joint City and Midland Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application.
Fixed Deposit rates quoted on application.
On **current accounts** interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY—Bank of Montreal

The Banca Commerciale Italiana e Bulgara is now open for business in Sofia, Bulgaria.

This bank was recently founded by the Banca Commerciale Italiana, of Milan, Italy, which has an agency in New York, at 165 Broadway, with several Bulgarian capitalists, for the purpose of aiding in the development of the foreign trade of Bulgaria. Its capital is 12,000,000 leva, normal value same as the franc. As to policy and management, it will be under control of the Banca Commerciale Italiana.

The National, Provincial and Union Bank of England, Limited, established 1833, and Coutts & Co., London, dating from 1692, have consolidated. The National Provincial took in the Union of London and Smith's Bank in 1918. Coutts & Co. have been bankers to the aristocracy of Great Britain for generations. The capital of the National Provincial was £5,476,884 paid up; its reserve £4,000,000. Coutts capital was £800,000 and reserve £700,000.

A branch of the Anglo-South American Bank, Limited, recently opened at Bradford in Yorkshire, England, puts that bank into contact with one of the great wool marketing centers of Britain.

Bank mergers continue in fashion in the United Kingdom. The latest is that of the Clydesdale Bank, Ltd., of Glasgow, with the London City & Midland, Ltd. In this merger the Clydesdale's shareholders received five full paid shares of two pounds ten shillings each for the ten pound paid Clydesdale share. This is said to be equivalent to 42 pounds sterling cash each for the 100,000 shares.

Control of over £416,000,000 deposits is thus secured to the London City & Midland, its own deposits being £371,054,000, those of the Belfast Banking Co., Ltd., £15,630,000, and those of the Clydesdale £29,747,000.

The Clydesdale management will be unchanged. It has 160 branches.

The London Bank thus obtains entrance into Scotland the same as Barclays, which will control the British Linen Bank.

The Merchants Bank of Canada with head office in Montreal has opened an office in London.

Robert C. Wyse, manager of the London branch of the Guaranty Trust Company of New York, has resigned his position with that company to accept an appointment as deputy manager of the Union Discount Company of London, to take effect in January. Mr. Wyse has been connected with the London office of the Guaranty Trust Company for twenty-three years and has risen to a position of prominence in English financial circles. The name of his successor has not yet been announced.



Bank of British West Africa, New York Agency, 100 Beaver Street, New York City



Main Banking Room and Public Space, Bank of British West Africa, New York Agency



Offices of the Bank of British West Africa, Ltd. at Axim, Gold Coast

Bank of British West Africa, Limited

THIS bank starts the new year in a stronger position than ever before and with the ever-increasing volume of West African trade an exceptionally prosperous year is looked for. The New York Agency has now completed the third year of its existence and the amount of transactions which it has executed has amply justified its organization. In view of these facts a brief review of the bank's history would not be out of order.

In the year 1894, the Bank of British West Africa, Ltd., was established with its head office in Liverpool, and its first branch at Lagos, Nigeria, West Africa, was opened. For some years prior to this the trade of the British West African colonies had undergone such rapid development that the need of a banking institution was keenly felt, and the late Sir Alfred Jones, K. C. M. G., who is remembered by shipping men as the "Father of the West Coast," exhibited his usual foresight in causing the organization of the bank, of which he was the first chairman. Developments were rapid, and new branches were opened at Cape Coast Castle, Seccondee and Accra, all on the Gold Coast. In the year 1910, Sir Alfred Jones died, and was succeeded in the chairmanship of the bank by the Right Hon. Lord Milner, who is the present British Secretary of State for the Colonies. In that year the head office was transferred to London, and Leslie Couper, C. M. G., appointed general manager. In the same year the Bank of Nigeria, Ltd., was absorbed by the Bank of British West Africa, Ltd., which by this time had branches extending throughout Nigeria and the remaining British West African colonies. Since that time branches have been opened in the Canary Islands, throughout Morocco and Egypt, as well as at Manchester, England, and at the end of 1916 an agency was established in New York under the control of Robert R. Appleby. Mr. Appleby started his banking career with the London Joint City & Midland Bank, Ltd., and has had wide experience of banking in the Far East and West Africa, as well as London and New York.

The development of the business of the New York Agency has been rapid, and in the early part of 1919 the offices at 6 Wall Street were found too small, and more commodious premises were therefore obtained at 100 Beaver Street. On January 1, 1920, Rowland Smith, who had for the past 14 years been associated with the New York Agency of the Standard Bank of South Africa, Ltd., joined the Bank



LESLIE COUPER. C.M.G.
General Manager, Bank of British West Africa, Ltd.

of British West Africa, Ltd., in the capacity of joint agent at New York. Mr. Smith's experience covers British, Australian, African and American banking, and it is felt that the personal knowledge of foreign markets and customs enjoyed by the New York agents of the bank place it in a position to be of exceptional service to American importers and exporters.

The capital, surplus and undivided profits of the bank exceed $6,000,000 and in the middle of last year the Chairman of the bank, the right Hon. Earl of Selborne, K.G.,G.C.M.G., who succeeded Lord Milner upon the latter joining the ministry, announced in his annual address that an arrangement had been entered into with Lloyds Bank, Ltd., whereby that institution obtained 15,000 of the shares of the Bank of British West Africa, Ltd., out of a total then issued of 200,000 shares. Beaumont Pease, deputy chairman of Lloyds Bank, Ltd., joined the board of the Bank of British West Africa, Ltd., and the Right Hon. Earl of Selborne, chairman of the latter institution, became a director of Lloyds Bank, Ltd. The close relationship which thus ensues makes of still greater importance the facilities which the Bank of British West Africa, Ltd., is able to extend to its clients.

The importance of the British West African colonies has only been realized in the United States in the last few years, but a glance at the figures covering, to take only two examples, the imports of cocoa beans and palm oil from West Africa to this country during the last three years would probably prove astounding to those not conversant with the trade which has developed. The value of Lagos palm oil to the steel and tin-plate industry during the war was incalculable and the cocoa and chocolate manufacturers bear witness to the dependence of the candy trade upon Gold Coast cocoa.

The future of the West African colonies is considered to be more than bright, and they are regarded as among the most valuable assets of the British Empire. From this it will be seen that the prospects for the Bank of British West Africa, Ltd., which has branches covering the entire territory, are exceptional, and a continuation of the bank's rapid development is looked for with the greatest confidence.

At the twenty-fifth annual general meeting held in London last July, net profits for the year ending March 31, 1919, were announced as £83,767 9s. 3d.

The Rt. Hon. the Earl of Selborne, K.G., G.C.M.G., chairman of the board of directors, in his annual address spoke as follows of the effect of the war on West Africa:

"If, in one sense, West Africa suffered by the War, inasmuch as public works were arrested, there is no doubt about it that, in another sense, a new West Africa has been created, and its products are now fully appreciated and eagerly sought for by Europe and America. As a set off against active



ROWLAND SMITH
New York Agent Bank of British West Africa, Ltd.



ROBERT R. APPLEBY
New York Agent Bank of British West Africa, Ltd.

business in West Africa, particularly since the Armistice was signed, there has been a most hampering, but quite unavoidable, lack of metallic currency. This is a state of things which now exists in most countries throughout the world, and the issue of paper currencies is, of course, also a factor in driving coin out of circulation. Silver bullion is brought to this country and transformed into coin which is sent to West Africa where, apparently, it is used for one transaction only, and it then disappears from circulation. In Nigeria one curious effect of the stoppage of the spirit trade is, apparently, to act as a further inducement to the native to hoard his money, and it is to be hoped that some new attraction may be offered by merchants which will induce the African, or his wife, to spend more freely the large amount of money he is earning. No one desires to see the return of the barter system, but, if the currency does not circulate, there is a retrograde movement in progress. It is obvious that a paper currency should not play more than its proper part in such a country as West Africa, and it may be necessary for the Government to consider whether any new coin other than of silver could be introduced which the West African will accept and allow to circulate with freedom."

With regard to the arrangement with Lloyds Bank, Limited, the Earl of Selborne stated:

"I wish to say a word about the new share issue and the arrangement with Lloyds Bank, Limited. I have great pleasure in welcoming Mr. Beaumont Pease, deputy Chairman of Lloyds Bank, as one of your Directors. Now this arrangement with Lloyds Bank is not a sale of your business to that great institution, nor is it an amalgamation with that institution, nor does Lloyds Bank acquire control over your business. What they do acquire is a great inter-



Office of the Bank of British West Africa, Ltd. at Liverpool

est and influence in your business that is exactly what your directors wanted. Now why? Because in this age of world competition, in a period where great opportunities open to your Bank for expansion and fresh enterprises, and while the conditions of the world are most anxious, when the clouds are heavy on the horizon, we felt it would be of the greatest advantage to this comparatively small bank to be united in alliance, in close alliance, with a world famous institution like Lloyds Bank. We believed, and now believe, that the alliance is a mutual benefit both to the small bank and the great bank, and it has been to me, as chairman, a matter of the greatest satisfaction to be able to conclude this arrangement. We shall also, on this board, have the help, advice and experience of Mr. Pease, and you can readily understand how important the advice and experience of the deputy-chairman of Lloyds Bank must be to any bank fortunate enough to profit by it."

Speaking of the work of the New York agency, the chairman stated:

"I wish also to note here the excellent work which has been done by our New York agent, Mr. R. R. Appleby. During the whole of the war



Office of the Bank of British West Africa, Ltd. at Monrovia, Liberia

his work there has been of a very anxious and important kind. Our position there is one of constantly increasing importance."

Commenting on the balance sheet as of March 31, 1919, the chairman stated:

"You will see in the balance sheet that the capital issued stands at the same figure as last year. The reserve is up by £12,500, bringing it up to a quarter of a million. The current accounts and fixed deposits are up by nearly two millions. The drafts issued are up £180,000. Bills for collection are up nearly £400,000. The liability on acceptances for customers has risen £150,000. If you turn to the assets you will see that the cash is up half a million; the investments are only up by £100,000; bills are down by £100,000—and there has been a very considerable change in their character. The treasury bills last year were £800,000; this year they were only £100,000. Other bills last year were £1,500,000; this year they are £2,119,000. Loans, advances and current accounts are up by a million and a half. Bills for collection, as I stated before, are up £400,000, and the liability of customers for acceptances and bills discounted are up by nearly £150,000. Premises and furniture are up by £20,000—although £10,000 is written off. That will be a



Office of the Bank of British West Africa, Ltd. at Sierra Leone

constantly increasing item year by year because of the great necessity of improving the buildings in West Africa and Morocco, and the necessity of adding fresh buildings when we open new branches."

The general balance sheet of the bank as of March 31, 1919, follows:

ASSETS

	£	s.	d.
Cash in hand, at bankers, at branches and at agencies.	£1,489,509	11	1
Cash in transit	178,055	0	6
Investments—			
Government securities	923,945	4	10
Other securities	52,875	15	8
West Africa Buildings Co., Limited	50,000	0	0
Bills of Exchange—			
Treasury Bills	100,000	0	0
Other Bills	2,119,802	10	6
Loans, advances and current accounts	2,706,767	16	2
Bills for collection contra	862,925	11	10
Liability of customers for acceptances and bills re-discounted	375,665	1	11
Premises and furniture	140,471	12	1
	£9,000,018	4	7

LIABILITIES

	£	s.	d.
Capital—			
200,000 shares of £10 each	£2,000,000	0	0
of which there have been issued 145,000, on which £4 per share has been called up	580,000	0	0
Reserve	250,000	0	0
Current accounts and fixed deposits	6,489,248	4	6
Drafts issued	381,166	6	8
Bills for collection	862,925	11	10
Rebate on bills	6,432	15	7
Liability on acceptances for customers and bills re discounted	375,665	1	11
Final dividend and bonus, payable 24th July, 1919	31,900	0	0
Balance of profit carried forward	22,680	4	1
	£9,000,018	4	7

Distributing Customers in a Large Metropolitan Bank

JAMES B. FORGAN, chairman of the board of the First National Bank of Chicago, told in a recent number of *System,* the secret of his success as a banker. Among other things Mr. Forgan spoke of the spirit of condescension with which some bankers treat their customers, and of the attitude which seems to say: "We are doing very well in this place. We are in a position to do you favors, but we can get along very nicely without your business."

In order to bring about the proper relationship between banker and customer in his institution, Mr. Forgan planned a radical rearrangement of the work of the bank's officers which he describes as follows:

It is 15 years since the plan was introduced, but it has proved so effective that we have continued it substantially unchanged to this day.

Before the plan was adopted, there was no logical distribution of customers among the bank's officers. A customer dealt with a certain officer because he happened to have known him before or because some friend had known him or for some other such reason.

An officer might have customers from practically every line of business. They might be bankers, packers, coal dealers, wall paper manufacturers, real estate men, publishers, steel manufacturers, grocers, druggists, and so on. In fact, the customers of a single officer were commonly just as miscellaneous as that; and the customers of his neighbor at the next desk might be just as miscellaneous, and cover many of the same lines. It was obviously impossible for any one man to know enough about all of those fields to handle the business as he should.

The system also failed to provide for the proper development of junior officers. These officers were in touch with the daily cash transactions of a certain number of customers, but they had nothing to do with the discount department. Thus they passed their formative years without getting any practical experience in that highest of banking functions, the making of loans. The consequence was that we did not have enough of the right kind of material coming along to fill vacancies among the senior officers.

Under the new plan, we classified our customers into twenty-six divisions, according to the lines of business they were in, and assigned sometimes two or three and sometimes more of these divisions to each individual senior officer, with a junior as his assistant. The officers were to be held responsible only for accounts in the lines assigned to them, and they were relieved, as rapidly as the circumstances permitted, of responsibility for accounts in other lines.

The plan gave each officer a field of such size that he could hope to become expert in it. And he is encouraged in every reasonable way to become expert. For one thing, he—the senior officer, I mean—is absolutely responsible for the business done in his division. Either the president or I will gladly consult with him about matters on which he is in doubt; indeed we expect to consult with him on such matters, but it is understood that the final decision is his own. If there are losses, the responsibility is his. If the division makes a particularly good showing, the credit is his. In any event, the results are a direct indication of his knowledge of his field.

GETTING INFORMATION

How far this tendency is encouraged may be judged by the duties of the senior and junior officers in each division. Their duties are:

First. To make a careful study of general conditions of business in the special lines assigned to them.

Second. To make the direct personal acquaintance of as many as possible of the people engaged in these special lines, and at all events to acquire the personal acquaintance of the leaders and get on such personal terms with them that they can secure information both general and specific in regard to their lines of business and the people engaged in them.

Third. To tabulate as completely as possible the dealers in each specific line of business with such information as they can obtain about them, including their banking connections, etc., and thereafter to use every legitimate means to secure new desirable business.

Fourth. To make a written report at least once a year on all customers separately in each line of business, and to tabulate them, showing the total amount of their aggregate deposits and loans; the number of accounts open; the number and value of new accounts opened during the year; the number closed and the reason therefor; the failures that have occurred, and the losses made thereby. These reports show the in-

crease or decrease in business in each particular line during the year. The junior officers prepare their reports in detail, and the senior officers make any remarks on them that may help to give the executive committee, the president and myself, to whom they are submitted, an intelligent understanding of them.

The senior and junior in charge of a division are expected to be in frequent and candid consultation on all phases of their work. The senior's judgment must of course prevail, but the junior is expected to state his opinions fully to the senior, and the senior to give them careful consideration.

The plan has been effective for practically all the purposes for which it was framed. It has been of great assistance in getting new business and developing juniors, and under it we have reduced our losses more than half. But all of this has been accomplished, as we expected, by giving our officers the opportunity, and also the incentive, to be at least reasonably thorough.

Banks and Insurance

Why the Banker Should be Interested in His Client's Insurance

WHY the banker should take an active interest in the insurance affairs of his clients is explained by A. Gordon Ramsay, assistant superintendent of the Canada Life Assurance Company, in the November issue of the "Union Bank Monthly." Mr. Ramsay stated:

Until a few years ago the protection of the family was the only function of life insurance generally recognized. One of Canada's foremost bankers in referring to the intimate relationship between commercial life insurance and extension of credit recently said:

"This bank always regards it as a favorable feature in a borrower's application when he is able to show that both his family and his business have been protected by life insurance against the contingency of his unexpected death. It often happens that the prosperity of a business is, in a large degree, dependent upon the continuance of a single life. In such a case it is more than usually important to cover by insurance the risk of disaster to the business through the unexpected death of that individual. The bank, moreover, is always glad to see the position of a firm fortified by partnership policies, especially where the capital is so moderate in proportion to the volume of the business that no portion of it could be withdrawn without embarrassment."

Commercial life insurance also interests the banker when he is passing on a credit risk from a moral standpoint. Of this, the president of the Chase National Bank of New York says: "When a man comes to us to borrow, we want to know how much life insurance he carries, not so much because of its bearing on his financial power, but as an indication of his type of mind, for the type of mind that induces a man to insure his life is the type of mind which makes for success in business."

Until lately business insurance has been considered mainly in connection with the affairs of the larger firms. It is, however, becoming recognized that this form of protection is just as necessary, if not more so, to the smaller corporation, partnership or business man. One need only look round the city corner or enter a village to discover a modest partnership, be it a grocery, butcher or dry goods store, or a general store, which at this moment needs a class of protection for its business and its credit which the life insurance company alone can provide.

The banker and wholesaler feel they are vitally interested in how this partnership customer will be affected by the death of one of the partners. What funds will be available for the purchase of his interest or for the continuation of the business? There may not be available sufficient capital or borrowing power to enable the surviving partner to purchase the interest of the deceased. Another partner with capital is difficult to find, particularly in a hurry. Frequently it means a winding up of the business with loss to all concerned.

The Human Element

The Bank Advertising Manager Must Have the Co-operation of the Entire Banking Staff

MUCH has been said and written about advertising to the public, but as general advertising is more or less wasted without the "follow-up," so bank advertising is of little avail unless previously "sold" to the bank staff.

F. D. Conner, manager of the Publicity Department, Illinois Trust & Savings Bank, Chicago, brought out this point at the recent convention of the Financial Advertisers Association. When Lewellyn Pratt was in Chicago in the capacity of a "booster agent" for the convention, he said that 75 per cent. of advertising should go to your own people and 25 per cent. to the public.

"I believe he is pretty nearly right," says Mr. Conner, "for, first of all, 'Is your house in order?' Why spend money advertising satisfactory service, accommodating employees, congenial officers, when you are not prepared to deliver the 'goods'? Therefore, 'Right things first'—put your house in order before you invite company."

The advertising manager must have the cooperation of the entire banking staff—president to porter—otherwise his job is going to be doubly hard. There should be team work. Playing for individual percentages does not win the game. Cooperation should come from the heart,—from within, not from without.

Mr. Conner elucidated the points of his argument for the "Human Nature Element" as follows:

Satisfied Employees. Satisfied employees produce good will. Unless your employees believe in their institution, you cannot expect them to assist in securing new business, and new business is what we are after. If there is not team work somebody is to blame. There are officials who believe in ruling by the "big stick" method. True, results can be had that way, but is it the right way? A pick-handle on the back of a mule will get action—yes, with both hind feet. The wielder of the club is usually mad and the four-legged animal shows the same disposition. It is far better to use suggestion instead of command; interrogation instead of instruction. Satisfied employees will help to get and make satisfied customers, and a satisfied customer is your best asset.

Secrecy. The element of secrecy around your bank is negative; it tends to break down morale. There are essential things happening in your bank every day which your employees should know. Why must they be compelled to get it from the papers next day? It is indeed embarrassing to the information clerk, teller, or even certain officers, to have a customer come up to his desk or window and give him some positive information about his bank which he had never heard. Does such a thing happen in your bank? Where all business is open and above board, the employee has no reason to be skeptical or suspicious; furthermore, it is "human nature" for an employee to work twice as hard if he feels that he is taken into the confidence of his employer.

Clearings. We are solving this problem in our institution by the use of a little daily paper, called "Ilnoitrust Clearings." It is a simple little "one-pager," intended for inside circulation only. An editor-in-chief has been appointed, with associate editors representing each department of the bank. All general information, banking as well as personal, is collected daily and published by the aid of a mimeograph. This little daily is read with great interest and we feel that it is filling a long felt want.

Columns. In addition to "Clearings," we have a monthly house organ called "The Columns," which is more elaborately edited, better dressed, and is generally circulated. These two publications are very effective and are aiding greatly in the building of morale.

Appreciation. Appreciation is far better than depreciation. A word of appreciation spoken when and where deserved is a good will builder, and the result of such treatment is whole-hearted coöperation.

Credit. Give credit where credit is due. It should be the policy of the bank to advertise promotions as freely as possible. Where such publicity and recognition are given it has a stimulating effect on others, arousing their ambitions to even greater efforts.

Jealousy. Jealousy among the bank officials and employees is one of the greatest stumbling blocks—a stone in the road, as it were, to coöperation and success. It is

a very difficult thing to deal with. It can be very greatly reduced by a thorough and systematic organization. An organization chart, setting forth positions and coördinated lines of authority and responsibility, helps to make possible organization efficiency. A man can serve well only when he knows to whom he is responsible, for what he is responsible, and the order and sequence of their importance. Delegate authority along with responsibility. A definite aim, objective purpose, clearly defined and lived into the hearts and minds of the members of a business family, constitutes the very fabric f the institution.

Club Activities. Through the organization of a bank club, many very beneficial activities for and in the interest of the employees can be satisfactorily handled. A club is a very humanizing medium. (Of course, I mean an organization of bank employees, and not the big stick.)

Athletics. Athletics and recreation should be indulged in as generously as possible, both summer and winter. Such sports and entertainment are healthful, invigorating and inspiring. They help to build good fellowship, and good fellowship builds business.

Welfare Work. Under this same organization the welfare work of the employees may be handled. A committee should be in charge to look after the comforts and accommodations of all. Show a personal interest in your employees and they will show an interest in you.

Education. The educational side should not be overlooked. An educational committee, carefully selected from members of the club, can do a splendid service in the way of formulating and executing a series of lectures, or an educational course, furnishing means and methods through which employees can prepare themselves for better positions in the bank.

Insurance. A great many banks throughout the country are adopting the group insurance and pension fund systems, all for the benefit of the employees. These benefits will do much toward cementing that good will feeling among the entire bank organization. Little courtesies and accommodations should be granted, for after all it's the little things that count.

Company Store. Another very beneficial addition is a buying committee or a "company store." Through such an arrangement dollars can be saved to the employee, especially during the present H. C. L.

Cabinet Meetings. A close coöperation among departments is quite essential. One of the best methods for general discussions and the inter-changing of ideas is through an organization which we will call a "Cabinet Meeting." This cabinet meeting should be composed of all officers and heads of departments, meeting at least once a week. The ranking officer present should act as chairman, and a regularly elected secretary should record all matters discussed. A regular program should be adhered to. A condensed financial report should be read by the secretary or cashier. Every department head should make a report of what he is doing and what he proposes to do in his department. General policies of the bank should be discussed, committees appointed to investigate and report back. I am constrained to mention this particular feature because upon investigation I find a great many banks do not enjoy that close relationship among departments.

Departmentals. Each department should have its own department meetings once a week, or as often as conditions indicate. Each member of the department should be permitted to make suggestions, and offer criticisms and the department manager should report such cabinet meeting information as will be of interest to the members of his department. A general knowledge of what the bank is doing, and why, creates a better and closer coöperation.

A Staircase Organization. Where a bank is so organized that each employee sees ahead of him a better position, more responsibility, more money, he is going to aim for that goal. Let's call it a "Staircase Organization." Every step means advancement—a promotion, and that is what we are all looking for.

Plants and Bouquets. A very "homey" effect can be created around the banking rooms by an array of potted plants, palms, ferns, and cut flowers in season. Such a display creates a pleasant atmosphere and causes favorable comments by employees as well as customers. Then, if back of the flower there is a smile and a friendly handshake, your setting is pretty nearly complete,—another form of humanizing your bank.

Family Tree. In addition to the activities of officers and employees which we have just been discussing, there is another very important body who should be thoroughly interested in "their bank," and they should be "humanized" as far as it is possible. Let us take down the "family tree," dust it off and analyze its contents. Its contents consist of the stockholders of the bank, and the various departments in which they are customers. Have you had a look recently at your "family tree"? Perhaps you have not gone to the trouble to make up such a record. If not, do so at once. How many of your stockholders are actually doing business at "your bank"—"their bank"? If

they are not supporting it, why not? Whose fault is it?

That Mr. Conner has proved his case will be admitted by every successful bank man. Complete cooperation is necessary to the success of a bank, as it is to any other business, and the rapid growth and splendid success of our financial institutions is largely due to a recognition of this fact.



Helping the Housewife's Budget

What the Banker Can Do To Promote Home Economy

THE budget movement is now well under way in America. The Commonwealth Trust Company of Boston recently announced that an expert from the Savings Division of the First Federal Reserve District has been placed in the Summer Street banking-rooms to "advise and assist all persons seeking help in matters of domestic economy, personal budgets and saving income."

The expert in the Boston bank has been placed there for an initial period of three months, but the results already achieved indicate that he will become a permanent adjunct to the bank. At the end of the first week, many persons had called for consultations and were given instruction in the matter of household budgets. Some of them returned for further instruction.

The success of the movement in Boston has led to the expectation that the example of the Commonwealth Trust Company will be widely followed throughout New England. It is intended that the work of the bank economic experts shall be of thoroughly practical character. They will assist in preparing household budgets adapted to the special problems of each client, discover where the leakages are occurring and advises and suggest changes in expenditures. Where requested, it is expected they will be prepared to go to the home of the client in order to grasp the full details of the problem involved.

The Boston War Savings Organization is preparing to begin classes to train bank clerks in this work. These trained employes will be utilized for the budget work by banks where conditions do not warrant the constant employment of an economic expert.

"Budget" is still a somewhat strange word in America, but its meaning, in connection with the new movement, is very simple. The household or personal budget means merely the application of common sense and order to the business of running a household on a certain income, living entirely within that income and saving a substantial part of it every day, week and month.

It means determining how much it costs the family to live—how much for food, for rent, for fuel, for light and water, for clothing, for amusement and for every other item that requires an expenditure of money. It means the appropriation of an ample sum for each item, and using no more—preferably less—for that item than appropriated. And, above all, it means the setting aside of a certain sum out of every pay check or other money, income for savings and for investment in safe and sound securities such as War Savings Stamps and Treasury Savings Certificates. It naturally means the elimination of extravagance and of foolishness in the spending of money.

The bank is unquestionably the institution to direct and teach work in this direction, for the bank is the haven of individuals who are faced with

financial difficulties and is the place of interest to those who are desirous of saving and thus fortifying themselves, against want.

The movement in New England grew out of the success of similar experiments in the Middle West. At the request of the Savings Division of the Treasury Department some time ago, the Society for Savings Bank in Cleveland started household budget work. Every family the bank decided should know just what can be done on the amount of money that comes to that family, in wages, through investment or otherwise. And planned expenditure is declared to be the safe and sane way to determine that question.

Miss Ruth Wardell of the home economics department of the University of Iowa, who assisted the Cleveland bank, has urged parents to start their children at ages as low as six or seven years on an allowance basis. Out of this the children are to be directed in the matter of buying the things they need and of keeping accurate account of their expenditures. She recommends that at first the youngsters be permitted to buy pencils, pens and minor school supplies. Then later, to buy school books and gradually trained up to the point where they must save enough out of their allowance to buy their own shoes. She advocates that the allowance should have a sufficient margin to teach the youngster the possibilities of saving and how to avoid extravagances.

Insistence is placed by economists upon the interest that must be taken by all members of the household in the budget system, and upon the importance of every member keeping a personal budget, if possible. No business man would think of running his affairs without taking a balance of the day's receipts and disbursements, and accounting for every cent. The individual can as easily keep account of his personal expenditures.

The chief problem, however, is the division of the income for the household expense. Mrs. Christine Frederick, an authority on household economics, presents the following broad averages, even in view of present prices, on the per cent of income to be expended on various items:

Rent—Not more than 25 per cent.
Food—From 25 to 40 per cent.
Clothing—From 15 to 20 per cent.
Operating—From 6 to 18 per cent.
Savings—From 2 to 15 per cent.
Advancement—From 1 to 15 per cent.

The one item that the exponent of thrift would have placed at the top of the list is, of course, savings. If a certain sum of money is set aside each day or week and religiously put into War Savings Stamps, the rest of the income may take care of itself. But planned expenditures may and probably will result in an opportunity for increased savings.

The War Savings Division of the Treasury Department and the savings directors of the various federal reserve districts, are endeavoring to get banks everywhere in this country interested in teaching the budget system idea to their patrons. If the entire population lived according to a budget system, prices of commodities would very soon reach their proper level, it is asserted, because waste and foolish expenditure would be eliminated. This, in turn, would tend to increase production of necessities and limit to the proper percentage the production of luxuries and those commodities which might be classed as useful but non-essential.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Ansley, D., Central Trust Co., San Antonio, Tex.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Baker, I. W., Mgr., Advertising Dept., Guardian Savgs. and Tr. Co., Cleveland, Ohio.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Banco Mercantil Americano Del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
Baugher, E. M., president, The Home Building Association Co., Newark, Ohio.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Bernheim, E., Ph.D., Foreign Dept., The National Shawmut Bank of Boston, Mass.
Billings, K., asst. advertising mgr., Scandinavian American Bank, Tacoma, Wash.
Bize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, G. W. C., assistant secretary, Tidewater Bank & Trust Co., Norfolk, Va.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.
Buzbee, Minnie A., manager Advertising Department, American Bank of Commerce & Trust Co., Little Rock, Ark.

C

Conhaim, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
Cotton Belt Savings & Trust Co., Pine Bluff, Ark.
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Davis, Clark B., asst. secy., Franklin Tr. Co., 166 Montague St., Brooklyn, N. Y.
Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Deily, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Delson, Louis E., publicity manager, Central Trust Co. of Illinois, Chicago, Ill.
Dysart, W. R., cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Ekirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.
Fisher, C. J. (Miss), Hoggson Bros., 485 Fifth Avenue, N. Y. C.

G

Garner, Percy, publicity manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.
Gehle, Frederick W., manager advertising department, Mechanics & Metals National Bank, New York.
Gehle, William A., Liberty National Bank, New York.
Gehrken, George A., manager, New Business Dept., Seaboard National Bank, New York.
Germo, Eleanor, manager publicity department, Los Angeles Trust & Savings Bank, Los Angeles, Cal.
Grimm, H. B., director, Dept. of New Business, St. Joseph Valley Bank, Elkhart, Ind.
Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hamsher, C. F., president First National Bank, Los Gatos, Cal.
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Higley, J. N., advertising department, First National Bank, Youngstown, Ohio.
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
Hodgins, J. H., Statistical Dept., Union Bk. of Canada, Toronto, Canada.
Hoffman, A. C., manager, department of publicity, Security Trust & Savings Bank, Los Angeles, Cal.
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.
Holderness, M. E., vice-president and adv. mgr., First National Bank in St. Louis, Mo.
Hudson, Paul L., assistant cashier, First National Bank, Corona, Cal.
Hunter, Harold G., Sec'y and Treas, Kansas City Terminal Trust Co., Kansas City, Mo.
Hutchins, E. M., Seaboard National Bank, New York.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, Chicago, Ill.
Johnson, E. W., Warren National Bank, Warren, Pa.
Jones, Marshall H., asst. cashier First and Citizens National Bank, Elizabeth City, N. C.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Keeton, Monroe, manager Savings Department, Merchants & Farmers Bank, Meridian, Miss.
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.
Kommers, W. J., vice-president, Union Trust Co., Spokane, Wash.

L

Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Lanng, Edgar R., advertising manager, Hibernia Bank and Trust Company, New Orleans, La.
Logan, John, cashier, Columbus State Bank, Columbus, Mont.
Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

Lyons, Chas. S., Puget Sound Bank and Trust Co., Tacoma, Wash.

M

McCorkle, Josephine C., publicity manager, The City National Bank, Evansville, Ind.
McDowell, J. H., American Trust and Banking Co., Chattanooga, Tenn.
Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, Ohio.
Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
Matthews, H. B., advertising manager, S. W. Strauss & Co., 150 Broadway, New York City.
Mead, Harold O., asst. cashier, The Bkg. Corporation of Montana, Helena, Mont.
Merrill, Frank, advertising manager, Northwestern National Bank, Minneapolis, Minn.
Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York.
Moniteur des Interets Materiels, 27 Pl. de Louvain, Brussels, Belgium.
Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

N

Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

O

Overton, J. A., cashier, National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.
Pollock, Willits, manager commercial service department, First Wisconsin National Bank, Milwaukee, Wis.
Poole, John, president, Federal National Bank, Washington, D. C.
Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.
Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.
Pratt, Thomas B., Henry L. Doherty & Co., 60 Wall Street, New York City.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
Reid, Carol S., publicity manager, People's Bank, Ltd., Hilo, T. H.
Rittenhouse, C. M., Farmers Loan and Trust Co., New York.
Rouff, Melvin, assistant cashier, Houston National Exchange Bank, Houston, Tex.
Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

S

Sacramento Bank, Sacramento, Cal.
Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
Sclater, A. G., Union Bank of Canada, 49 Wall St., New York.
Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
Shepherd, George W., c/o International Trust Co., Boston, Mass.
Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
Staker, F. M., manager, safe deposit dept., Commerce Trust Co., Kansas City, Mo.
Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
Stewart, F. E., 1505 Jefferson St., Toledo, Ohio.
Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
Stover, J. C., secretary-treasurer Indiana Savings and Loan Association, South Bend, Ind.
Sutton, Frederick T., publicity mgr., Mercantile Bank of the Americas, New York.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.
Tidewater Bank and Trust Company, Norfolk, Va.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president, Sioux Falls National Bank, Sioux Falls, S. D.
Wadden, Thomas A., vice-president, Lake County Bank, Madison, S. D.
Wells, Geo. T., assistant cashier, Denver National Bank, Denver, Colo.
Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.
Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.
Williams, Jno. L., vice-president, Farmers & Merchants Bank, Greenville, S. C.
Winship, Addison L., vice-president and manager, New Business Department, National Shawmut Bank, Boston, Mass.
Withers, C. K., trust officer and publicity manager, Mechanics National Bank, Trenton, N. J.

Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Muller, John, 49 Sonneggstrasse, Zurich, Switzerland.
Ryland, Cally, manager, new business department, American National Bank, Richmond, Va.
Williams, John L., vice-president, Woodside National Bank, Greenville, S. C.

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Banking and Financial Industry

SPECIAL The BANKERS MAGAZINE SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL - - - - $5,000,000.00
SURPLUS - - - - 5,000,000.00
UNDIVIDED PROFITS 2,080,000.00

OFFICERS

HARVEY D. GIBSON	President
DANIEL G. REID	Vice President
ALEXANDER V. OSTROM	Vice President
CHARLES W. RIECKS	Vice President
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FREDERICK W. WALZ	Cashier
FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
RAYMOND G. FORBES	Assistant Cashier
DANFORTH CARDOZO	Assistant Cashier
C. CARLTON KELLEY	Assistant Cashier
EDWARD J. WHALEN	Assistant Cashier

When You Build That New Home for Your Bank

You will require the services of a competent bank architect and equipment engineer who can provide you with a distinctively modern building, with first class equipment throughout and absolute security in vault work. Convincing evidence that we furnish complete service of this character is shown by the fact that we have been selected by the following banks among many others:

Seaboard National Bank, New York
National Bank of Commerce, New York
Asia Banking Corporation, New York
Mercantile Trust Company, New York
American Exchange National Bank, Dallas, Texas
Charlotte National Bank, Charlotte, N. C.
First National Bank, Jersey City, N. J.
Greenwich Trust Company, Greenwich, Conn.
Colonial Trust Company, Greenwich, Conn.
Colonial Trust Company, Titusville, Pa.
First National Bank, Richmond, Va.
Lynchburg National Bank, Lynchburg, Va.
Hibernia Bank & Trust Company, New Orleans, La.

We shall be pleased to make suggestions regarding the most efficient and economical methods of meeting your requirements without obligation on your part.

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York



Main Banking Room from Entrance Hallway

How an American Bank is Pushing Ahead in the Foreign Field

IT WAS early recognized by those who were contemplating the carrying of American banking enterprise into foreign lands and who had given careful study and first-hand investigation to the various phases of the problem that there were certain conditions essential to the highest degree of success in the undertaking.

First—That an American bank establishing branches or affiliated institutions abroad should have adequate capital and be under the direction of men of established reputation in the banking world.

Second—That the branches or affiliated banks should have complete facilities for transacting business in accordance with the special requirements of the several countries in which they were domiciled.

The first of these essential conditions grew out of the necessity for having capital enough to give an American bank a respectable status compared with local banks or branches of other banks with large capital funds and to insure capacity and integrity in the management. The other conditions arose from the diversities in banking functions found in the respective localities. These differences must not only be comprehended but they must be conformed to if an American bank in a foreign land is to reach its highest degree of usefulness.

AN INSTITUTION THAT HAS MET THESE CONDITIONS

It is believed that the Mercantile Bank of the Americas has fully met the

conditions above set forth. It was organized in August 1915, under the auspices of Brown Brothers & Company, J. & W. Seligman & Company, and the Guaranty Trust Company, all of New York. Its comprehensive system of affiliated banks throughout Latin America was founded for the purpose of fostering closer and more amicable trade relations between the Latin American countries and the United States. The Mercantile Bank of the Americas, through its unexcelled facilities, acts as a link for American merchants and manufacturers who are engaged in trade with Latin American Republics. It has a paid up capital and surplus of $10,000,000.

Further opportunity for strengthening the affiliations of the bank was afforded by an amendment to the Federal Reserve Act, which became effective September 7, 1916, and in which member banks were permitted to invest in the stock of institutions such as the Mercantile Bank of the Americas. Under this authority shares in the bank have been bought by the National Shawmut Bank of Boston, the Anglo- and London-Paris National Bank of San Francisco, the Continental and Commercial National Bank of Chicago, the Hibernia Bank and Trust Company of New Orleans, the Central Union Trust Company of New York, the Guardian Savings and Trust Company of Cleveland, and finally the Columbia Trust Company of New York. By the amendment of the Federal Reserve Act, institutions of the character of the Mercantile Bank of the Americas, part of whose stock is owned by member banks, were placed under the supervision of the Federal Reserve Board.

The plan has been followed of having the affiliated banks of the Mercantile Bank of the Americas operate in one country only, thus constituting them essentially local banks though under joint American and local management. In this way each bank is able to render the maximum amount of local service and at the same time form in the respective countries desirable connections between the producers and importers and the trade and banking interests of the United States.

By not carrying local checking accounts for firms in the United States and not using the foreign trade business that comes to it as a means of obtaining local deposits in the United States, other banks here have cleared their foreign business through the Mercantile Bank of the Americas, in the countries in which it operates. However, its foreign offices accept deposits, both time and demand, on most favorable terms.

The functions and facilities of this bank comprise all branches of the banking business with and in the countries in which it is represented. It solicits collections on these countries and will purchase or advance against satisfactory bills. It issues letters of credit for commercial transactions, handles payments by mail or cable and issues drafts on the countries in which it has direct representation.

PROGRESS OF THE BANK

In studying the following concise survey of the progress made by the Mercantile Bank of the Americas it must be remembered that most of the bank's existence thus far has covered a period of war when banking and trade had to be conducted under many difficulties.

NICARAGUA

The first foreign bank the control of which was acquired by the Mercantile Bank of the Americas, was the National Bank of Nicaragua. This bank was incorporated by a prominent group of New York bankers with the idea of reforming the currency of Nicaragua and devising some method whereby it would no longer experience such vicissitudes as it had heretofore encountered. A new monetary unit, the gold cordoba, was created, of the exact weight and value of the American gold dollar, and the old currency was redeemed at a fixed conversion rate of 12½ pesos to a cordoba, namely, eight cents in the new cordoba currency for each peso of the old. After considerable difficulty the old currency was re-

tired and with the exception of a slight flurry during the early days of the European war, the currency has been maintained at about parity. The National Bank of Nicaragua has a capital of $300,000. Its board of directors consists of representatives of the Mercantile Bank of the Americas, the Government of Nicaragua, and the State Department of the United States. The branches of this bank are in Managua, Bluefields, Leon and Granada.

PERU

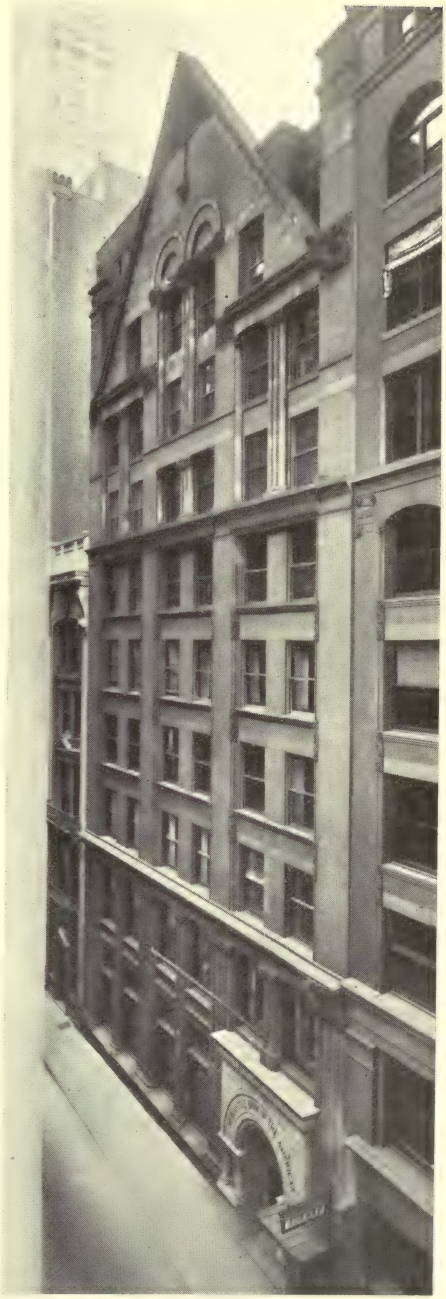
The Banco Mercantil Americano del Peru established its head office at the capital, Lima, in September 1916, and since then branches have been opened in Arequipa, Chiclayo, Callao and Trujillo. It has gained a dominant position in the foreign exchange market and has become known as the most active dealer in exchange, both dollar and sterling, in Peru. Due to the commercial credits opened by the bank in the United States for its Peruvian clients, it has been of the greatest assistance to American manufacturers in developing their markets in Peru.

VENEZUELA

The Banco Mercantil Americano de Caracas was opened in October 1917, in the city of Caracas, and now has branches in La Guayra and Maracaibo, the latter branch having been opened last month. The branch in La Guayra has rendered valuable assistance to exporters of the United States in clearing merchandise and produce through the Custom House.

COLOMBIA

The Banco Mercantil Americano de Colombia, the head office of which is in Bogota, was organized in February 1918. It now has branches in Cartagena and Barranquilla, Colombia's chief seaports, Medellin, the second largest city in the country, Manizales, an important coffee centre, Cali, the commercial center of the Cauca Valley, Honda and Girardot, two important river ports on the Magdalena River,



Mercantile Bank of the Americas,
44 Pine Street, New York

Armenia, Bucaramanga, and Cucuta. It is the only banking organization in that country having a complete chain of branches throughout the Republic, which



Officers' Quarters on First Floor



Working Quarters on First Floor



Second Floor Entrance Hall

commercially has heretofore been split up into sections. It has introduced modern banking methods in cities where they were previously unknown and has opened credits direct to planters throughout the country and through the parent bank has been able, for the benefit of the planter, to handle crops direct from the farm to the consuming public.

BRAZIL

The American Mercantile Bank of Brazil, was organized in October, 1917, and shortly thereafter opened its first office at Para. Para is the principal shipping point for the exportation of rubber, the chief industry of the Amazon Valley. This office is assuming an important role in the financing of this product. A branch at Pernambuco, another important shipping centre, the exportations of which, however, are more diversified than Para's, was opened in August, 1918.

CUBA

The Banco Mercantil Americano de Cuba was incorporated under the auspices of the Mercantile Bank of the Americas and the Guaranty Trust Company, with a paid-up capital and surplus of $2,500,000. It commenced operations in Havana in January, 1919. In the short time this bank has been in existence it has made wonderful progress, and is already becoming an important factor in commercial and financial operations in Cuba.

COSTA RICA

The Mercantile Bank of the Americas has just acquired controlling interest in the Banco Mercantil de Costa Rica, San José, which has a paid-up capital of approximately $700,000.

HONDURAS AND AGENCIES

In Honduras there is the Banco Atlantida, with offices at La Ceiba,



Executive Quarters on Second Floor



Executive Quarters Showing Lunettes over Doorways



Directors' Room

Tegucigalpa, San Pedro Sula, Puerto Cortez, Tela and Amapala. There are also agencies in Ecuador, Salvador and Guatemala as well as in China, Japan and the Philippines.

BRANCHES IN FRANCE AND SPAIN

It has been the policy of the Mercantile Bank of the Americas to establish separate banks in each South or Central American country in which it operates, under the direct control of the parent bank in New York. In Europe, however, there is no necessity for the establishment of separate organizations, and a branch of the Mercantile Bank of the Americas was opened in Paris in December, 1916. Because of war conditions and restrictions placed upon operations by the French Government, it was not possible for this branch to do much business during the period of the war. However, it laid the lines for future business during this period with such success that its present quarters are totally inadequate to take care of its rapidly increasing post-bellum business. A branch of the Mercantile Bank of the Americas was opened about two years ago in Barcelona, and in October of 1919 an additional branch at Madrid was established. The services of the Barcelona branch were offered to the Treasury Department and shortly afterward the bank was appointed depositary for the United States Government in Spain. This was the first American bank established in that country. Spain, because of her neutrality during the period of the war, became very prosperous and this prosperity has in some measure been reflected in the rapid growth of the Barcelona branch.

NEW ORLEANS BRANCH

The New Orleans branch was opened in September, 1919. This branch will serve the foreign trade interests of the Mississippi Valley and, as New Orleans is the principal southern port



Officers' Quarters. Showing Entrance to Directors' Room

through which trade with Central America and Cuba is cleared, the prospect for rapid development is very bright.

UNIQUE CHARACTER OF THE BANK

In some of its features the Mercantile Bank of the Americas is unique. The theory under which the bank works is to go right back to the planter himself and lend him money through a local bank established in his own country and, if he so desires, handle his product through the various channels until sold to the consumer.

With the growing needs of the American manufacturers for expanding their foreign trade, the Mercantile Bank of the Americas feels confident that it and its affiliated institutions will be in a position to put the American exporter into closer touch with the actual buyer of the goods in Latin America than can be secured through any other system, and to that end the bank has built up an extensive organization in foreign countries. It has prepared its lines abroad so that when American exporters and maufacturers are ready to sell their goods in foreign countries it will be in the strongest position to see that they are placed in touch with the right people. While the Mercantile Bank of the Americas and its affiliations in no case have shipments of merchandise made for their own account they do everything short of that in order to bring buyer and seller together.

In the New York office there is a staff of about 375 and including those employed in the foreign field the total number of people engaged in this enterprise is over 2,000.

THE BANK'S ENLARGED AND REMODELED QUARTERS

Starting in modest quarters at 26 Exchange Place, New York, removal was later made to 38 Pine Street, where the entire five story building was occupied. Shortly after, the quarters at 38 Pine Street proved totally inade-



Officers' Conference Room on Second Floor

quate to accommodate the increasing demand for space and the building next door at 44 Pine Street was rented under a long term lease. In order to give the bank quarters an appearance commensurate with the dimensions its business had already reached, it was decided to remodel the entire building of nine stories. The remodeling was supervised by Smalley & Myers, equipment specialists, in conjunction with Marc Eidlitz & Son, who are well-known contractors for financial houses.

In general the interior decoration has followed the Spanish style. This is rather appropriate in view of the close relations existing between the bank and the Spanish-speaking countries.

The first floor, where the main banking room is located, has a black and gold marble counter with a painted walnut counter screen in the Spanish style. This screen is unusual in view of the fact that it is the first time that anything of this nature has ever been used for banking purposes in New York. The floor is white Italian marble with black and gold marble inserts.

The entrance hall has a Tinos marble base and floor borders, the center of the floor being white Italian marble to correspond with the main

banking room. The wainscoting is of Tavernelle Claire marble. The furniture is of walnut with wax finish. In the working space there are cork top desks. The floor and steps of the entrance hallway are of Traicon stone and the wainscoting of Tavernelle Claire marble. Electric elevators are now being installed.

The second floor, which is used by the executives, is also decorated in the Spanish style. The lunettes placed over the double doors are unusual, each one representing the coat-of-arms of a country where the Mercantile Bank of the Americas operates. The chandeliers harmonize with the other fittings and are of iron with polychrome finish. On the west wall there are two map closets. Here also is a pneumatic tube system. The tubes are concealed in the center of a walnut file case. This pneumatic tube system is one of the unusual features of the reconstruction work. It has an outlet on every floor with a distributing station in the basement and will undoubtedly be of considerable assistance in conveying messages and memoranda.

The directors' room, also on the second floor, has walnut wainscoting with a velvet panel between the top of the wainscoting and the lower side of the plastered cornice. The carved tables and chairs are in the Spanish style. The upholstery of the chairs is unusual, being of woven leather, which makes them very durable. In this room is located a grandfather's clock which is electrically operated and which sends an electric impulse every minute to all the other clocks in the building.

The second floor entrance hall has also a black and gold marble base, the floor border and the floor itself being of white Italian marble with two lines of mosaic. There are also three officers' rooms on the second floor and a stenographic room.

The third floor will also be used for officers' quarters and conference rooms. It will follow the general plan of the second floor with respect to decorations and architectural treatment.

The remaining floors of the building are devoted to the various departments and are not worthy of any particular mention with the exception of the fifth floor, which will probably be used by the library. There will also be various visitors' rooms for the use of travellers from South America and elsewhere.

The tenth floor will have large officers' retiring rooms. On this floor there will also be a club room and a kitchenette for the use of the employees.

Equitable Trust Company Doubles Capital

At the recommendation of the trustees and with the approval of the stockholders, the Equitable Trust Company of New York has increased its capitalization from $6,000,000 to $12,000,000, effective January 1, 1920.

This company has shown a steady and consistent growth under the able direction of President Alvin W. Krech. The scope and activity of its various departments has been continually broadened and the facilities of the institution increased to care for its rapidly growing number of patrons.

In order to provide for the new capitalization it is planned to issue 60,000 new shares of capital stock and shareholders will have the right to subscribe for the new stock at $100 per share.

At the current market price of the stock now outstanding, which is quoted

in the neighborhood of $500, the rights to subscribe for the new stock at $100 per share are worth approximately $200 per share.

The Equitable Trust Company became a member of the Federal Reserve System in October, 1917. At that time the company's capital was $6,000,000, surplus and undivided profits were $13,000,000 and the total deposits were about $190,000,000.

In September, 1918, the Company opened large and commodious offices in the great up-town financial section at Madison Avenue and 45th Street. These offices have proved a great convenience to the many up-town clients of the company.

THE BOND AND FOREIGN DEPARTMENTS

The bond department of the institution during the past four years has grown from a small department employing a few people to one of the most important bond organizations in Wall Street. This department's quarters now occupy the entire fifth floor of the institution.



Photo: Co-operative Press

ALVIN W. KRECH
President Equitable Trust Company of New York



Bond Department Equitable Trust Company, New York

Great credit is due George L. LeBlanc, vice-president of the company, for the remarkable growth of the Equitable Trust Company's foreign department. Mr. Le Blanc became associated with the company on April 1, 1914. At that time the foreign department of the institution was comparatively small. At the present time this department occupies two complete floors in the main office of the company and its personnel numbers about 225 employees.

The Equitable Trust Company of New York will, after this new increase in stock, have a capitalization of $12,000,000, surplus and undivided profits of over $14,000,000 and deposits in excess of $285,000,000.

This company ranks among the very first institutions of its class in the country in size and in quality of service.

Textile Banking Company, Inc., in Attractive Quarters

THE OFFICES of the Textile Banking Company, Incorporated, at 50 Union Square, 4th Avenue and 17th Street, in the heart of New York's textile district, were opened for business September 1, 1919. The arrangement of the quarters is extremely businesslike; but at the same time, the "homey" air has brought about much favorable comment from customers.

The tonal harmony of the color scheme is admirable. The walls are panelled to a height of about seven-and-one-half feet with American walnut, and above that point are finished in Caen stone, which is a light, cream-colored limestone, chiefly from Caen, Normandy, and which is much used in many English churches. The screens dividing the several departments are panelled in American walnut, with the necessary sections of glazed glass, and sections of bronze grilles. The floors of the executive offices are covered with rugs of rich brown Axminster, and the outer office is covered with a soft brown linoleum.

The general scheme of lighting is semi-indirect, with classic bronze and alabaster fixtures. The individual lighting fixtures for the desks are arranged to harmonize with the general scheme of the room.

The desks are specially-designed, and made of American walnut, of the William-and-Mary Period, wax-finished in a rich brown tone, with Spanish leather used as a covering for the tops, as well as for the upholstery of the chairs. The drawer fronts, panels and rims of the desks are of Burl walnut. The desk lights, ink stands, and fittings are in cast bronze, specially designed. The desk sets, consisting of memo pads, letter trays, calendar stands, etc., are designed in harmony with the furniture, and are made of American walnut, inlaid with Burl walnut.

The ground floor houses the executive and credit offices, and covers approximately 5,500 square feet; the bookkeeping and clerical forces are located on the mezzanine balcony, which has about 1,500 square feet. The company has the basement also—area about 9,000 square feet. The lease extends over a period of years.

Charles E. Birge was the architect; and the construction was supervised by James V. MacDonald, of Ranald H. MacDonald & Co.

The Textile Banking Company, which was inaugurated last June by the Guar-

anty Trust Company of New York, and the Liberty National Bank of New York, represents what is probably the first definite step toward specialized industrial banking in the United States.

The recent growth of the American textile industry in all its branches, cotton, silk, wool, and so on, and the steady expansion of the industry, both in domestic and foreign business, have brought into relief the necessity for and manifold advantages of a more intimate relationship between manufacturers, selling agents, converters and other interests in the industry, and their bankers. The existent need of adequate and sustained banking capital for interests in the textile field is very clear, not alone for the financing of the current operations of those interests, but also for furnishing the required opportunity for such growth as the increasing volume of their business demands.

The substantial success of the company to date is the most convincing answer that can be given as to the reason for its inauguration.

Prior to the establishment of the Textile Banking Company, textile interests were accustomed to finance their requirements either through Commission merchants, located in the Worth Street, or "downtown" dry goods district, in New York, who also act as selling agents and general advisers, as well as bankers, and who, not infrequently, hold a part ownership in the mills which they represent; or through out-and-out "factors", so-called, located in the Fourth Avenue, or "uptown" dry goods district, of New York, who function exclusively as commercial bankers, with some restrictions. The entrance of the Textile Banking Company into the field not only provides a wider scheme of financial facilitie-



Textile Banking Company, Inc., New York



Executive Office, Textile Banking Company, Inc., New York



Directors' Room, Textile Banking Company, Inc., New York

to all the elements in the textile industry, but it also provides a strictly high-class banking organization, with undoubted resources and backing.

The Company confines itself to banking operations such as are now performed by the "factors," or commercial bankers, and in addition renders other valuable and far-reaching services, particularly in the financing of raw material and merchandise requirements. The Company's charter empowers it, for instance, to afford financial facilities to concerns with which a factoring arrangement is not in force, by aiding them in the purchasing of raw material, or in the carrying of their inventory.

Bringing Thrift to the Logging Camp

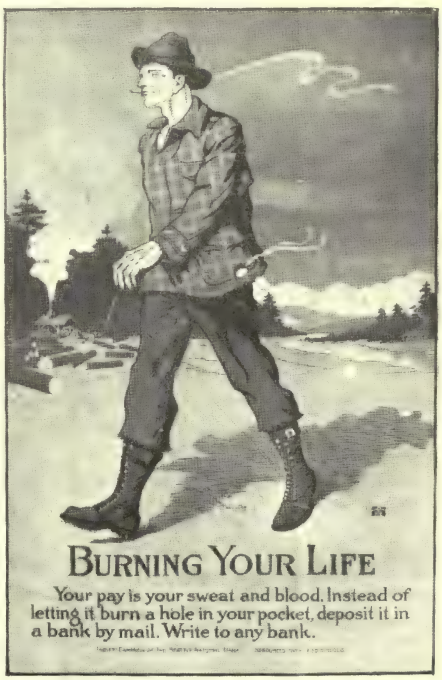
OF the many plans for teaching the lesson of thrift and increased production one of the most interesting is that inaugurated by the Seattle National Bank among the logging camps in the territory bounded by British Columbia, the Cascade Mountains, Oregon and the ocean.

The campaign is carried on by means of posters, one of which is reproduced herewith, and a series of five folders—"Wealth," "Distance No Obstacle to Saving," "Independence," "Sparsommelig" (the Norse word for thrift), and a form of budget.

One important feature of the folders is a form designed to induce the holder to put down in black and white what he does with the wages of one pay day.

J. H. Miner, manager of the Bank's Department of Public Relations, in collaboration with the Izzard Company, a Seattle advertising agency, conceived and planned the campaign to reach loggers, who are not accessible to the ordinary media of bank advertising.

The name of the Seattle National Bank appears only in a modest way, and the logger is admonished to take up with any bank the opening of an account. The purpose of the bank, as expressed in the broadside, is to aid in inducing thrift among workers for the good of the entire community. It is believed that good will resulting to the bank from this effort will be a recompense for the expenditure. Because logging camp workers are scattered widely in camps tributary to a number of cities, it is particularly desirable that they should use different banks for their accounts.



The Seattle National Bank is spreading thrift in the lumber camps by means of posters like the above

The posters are being put up in commissaries, dining-halls, bunk-houses, recreation-rooms, and other places where the men gather in the camps, by

"Long Jack" Ward, who has been doing welfare work in the camps of the territory for thirty years. He believes so strongly in the campaign as a force for good that he volunteered to do this and to distribute the folders, making a thrift talk at each camp.

The broadside is being sent to the operators of logging camps, and to heads of other industries. It is likely that the same campaign will be used in other industries, with a change of posters so as to make a more direct appeal to other classes of workers.



Book Reviews

TRUST COMPANIES OF THE UNITED STATES. Compiled and published by the United States Mortgage and Trust Company, New York.

The 1919 edition of this useful book contains statements of conditions of the trust companies of the country on June 30, 1919, together with names of officers and directors, stock quotations, dividend rates and other statistics, all conveniently arranged for reference.

It is shown that on the date above named the trust companies of the United States had total resources of $11,150,446,000, a gain of $1,769,560,000, or 18.8 per cent. over the previous year.



THE CHINA YEAR BOOK 1919. By H. F. Montague Bell and H. G. W. Woodhead, M.J.I. E. P. Dutton & Company, New York.

This book is a very complete and useful compendium of information on every phase of Chinese life and history. It covers such topics as the following:

Geography; Climate; People and Language; Products; Commerce; Trade Statistics; Communications; Government; Finance; Religion; Foreigners in China; Who's Who.

This book should prove valuable to students of Chinese institutions and to business men interested in Oriental trade possibilities.



THE VEST POCKET LAWYER—Second edition improved and enlarged. Flynn Publishing Company, Chicago, Ill.

This book is, in convenient size, a compilation of the law which the average business man should know. It is written in non-technical language and is carefully indexed so that reference to a given subject may be quickly made. It also shows how to draw up the more common legal forms. The Vest Pocket Lawyer should prove of real service as a time and money saver.



DEVELOPING EXECUTIVE ABILITY. By E. B. Gowin, Assistant Professor of Commerce New York University. Ronald Press Company, New York.

This book should prove both a help and an inspiration to the young executive who is ambitious to make himself a bigger man for his job. It points out to him his opportunity and shows him how to develop and prepare himself for broader activities and bigger responsibilities.

The book handles instructively and fully such subjects as personal finance, personal diagnosis, coöperation, intellectual preparation, etc.



INFLATION. By J. Shield Nicholson, Professor of Political Economy in the University of Edinburgh. P. S. King & Son, Ltd., London.

This book covers the important subject of war time inflation in Great Britain. It is divided into the following four chapter headings:

The Abandonment of the Gold Standard During the War.

The Inflation Consequent on the Abandonment of the Gold Standard During the War.

The Burden of High Prices.

The Burden of Public Debt and of Taxation for Interest.

The Return to the Gold Standard.

In conclusion the author states:

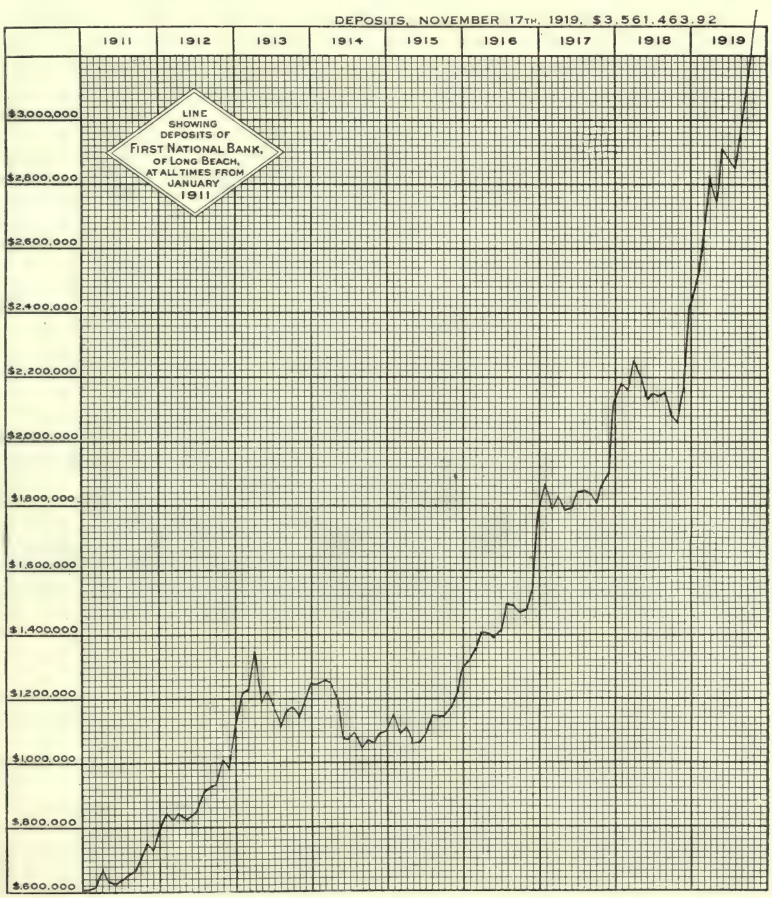
"Under present conditions, the most important task is to provide for the reduction of the volume of money, and the great requisite for the task is moral courage. In banking very often the test of moral courage is a rise in the rate of interest. No methods of deflation can be effective which does not make some people—and indeed a good many people—uncomfortable. The donations for doing nothing and the jobs invented for doing worse than nothing must be shut down. Probably one or two millions of people will be made to feel very uncomfortable. But the real working classes ought not to feel discomfort from the change. On the contrary, as I have already tried to show, they stand to benefit by falling prices more than by rising money wages.

"Until we are prepared to face trouble and difficulty in retracing our steps we shall go on wandering so much farther from the right way."



Siberia To-Day. By Capt. Frederick F. Moore, U.S.A. D. Appleton & Company, New York.

This book is a collection of impressions of modern Siberia as seen by the author who was an American intelligence officer with the American Forces in Siberia. The book is well illustrated by photographs taken by Capt. Donald Thompson, the noted war photographer.



This is the graphic way the First National Bank, Long Beach, Cal., shows its deposit growth in its regular statement folders



A reproduction of one of the nine panels which won third award for The Cleveland Trust Company at the Advertising Exhibit of the F. A. A. in New Orleans.

This panel shows several sets of window displays. These displays are changed weekly and placed in rotation at branch offices. Each display consists of three pieces—a center piece 30-in. x 36-in. and two side pieees each 15-in. x 30-in.

All window displays are largely illustrative, a minimum of copy being used. The color combinations are " attention compelling."

The center piece is sometimes a cut-out, sometimes not—depending on the message and the effect sought. Each display carries only one selling idea.

The small insert at the bottom shows a display in the window of one of the company's branch offices.

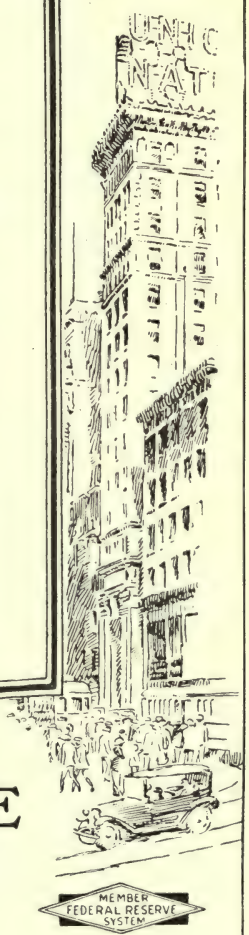
Banking and Financial Notes

SPECIAL The BANKERS MAGAZINE SECTION

FRIENDLY co-operation with carefully selected banking correspondents assure customers of the Union Commerce National Bank's satisfactory service in the various financial transactions which they entrust to us.

This bank grows rapidly, but it has not outgrown personal contact with its customers and personal interest in its attention to their requirements.

This bank with its affiliated institution—The Citizens Savings and Trust Company—forms the largest banking unit in Ohio.



UNION COMMERCE
National Bank
OF CLEVELAND

MEMBER FEDERAL RESERVE SYSTEM



A DISTINCTIVE BANKING ROOM

A dignified and distinctive treatment of the interior of a suburban bank building—the Norwood Trust Company, at Norwood, Mass. The work of

Thomas M. James, Architect

3 Park St., Boston, Mass.

Review of the Month

Trade Conditions Throughout the Nation as Compiled for the Federal Reserve Bulletin

GREAT activity in retail trade, strong demand for goods and consequently large volume of buying orders at manufacturing plants, high and rising prices throughout the country, and full employment of labor at unprecedented wages, except in those cases where employment has been rendered unsteady or insecure as the result of strikes or labor disturbances, are the principal factors reported by Federal Reserve Agents from their several districts. General anxiety concerning the continued advance in prices is exhibited, while unfavorable foreign exchange rates are regarded as likely to bring about a reduction in exports which may necessitate some readjustment of domestic industry. Labor disturbances during the month of December have on the whole been less severe than in November, both the steel and coal strikes teaching a practical conclusion followed by resumption of work.

In practically all districts primary emphasis is placed on the general distribution of purchasing power and the freedom with which recipients of wages and salaries are expending their means in the purchase of goods. District No. 1 reports that "the year closes with New England industries stimulated by post-war conditions to a degree of peace-time activity unparalleled in the economic history of this section." In District No. 2 high prices and active trade exist, and both manufacturers and distributors of dry goods, textiles, hardware, footwear and similar merchandise "are sold up ahead as far as they will take orders." Credits have been shortened and production is far short of demand, but cautious manufacturers are disinclined to commit themselves far in advance. Banking expansion has been somewhat stayed. In District No. 3 it is stated that "the enormous demand for commodities of all kinds has been far from satisfied. Unsatisfied demand is reflected in higher prices." District No. 4 takes the view that "with no thought of price, with little provision for the future, our people almost without exception are demanding goods, especially luxuries. * * * The signing of the armistice was apparently the signal for an outburst of the buying fever which has not yet reached its height." In District No. 5 high prices for crops have furnished a stimulant to trade from which no considerable reaction is yet apparent. Demand at manufacturing establishments is unabated.

District No. 6 speaks of "remarkable commercial activity and expansion," and asserts that "the volume of holiday trade generally during the month appears to be greater than has ever been experienced." The Federal Reserve Agent at Atlanta, however, remarks that in some cases business is about stable in the volume of goods, although "in money there has been quite an increase in the business done." From District No. 7 it is reported that "business is good," the demand for bank accommodations has continued heavy and business has rapidly "picked up the slack caused by the coal shortage and fuel conservation restrictions." In District No. 8 collections are good and business is large, labor difficulties are less than heretofore, but "high prices are exerting a restraining influence on buying," although even where the volume of merchandise is smaller, the value of the transactions is larger than last year. In District No. 9 "manufacturing enterprises are very active," demand is strong, there is a shortage of skilled labor in industrial centers" but retail reports from outlying districts show some slowing up in merchandise sales and a tendency on the part of the buyers to hesitate because of high prices." In District No. 10 there is "an extraordinary volume of trade running through the fall months and reaching its highest peak about Thanksgiving." Merchants' stocks are low "and the holiday season has been attended by great buying activity and considerable extravagance." In District No. 11 "every line of trade and finance now reflects the year's peak position in trade balances and for the first time in many months the district finds itself not only with ample funds for its own use but with a healthy surplus which it can lend." In District No. 12, except for seasonal unemployment, "Labor is fully employed," no strikes of consequence are in progress, domestic commerce continues active, and real estate sales are very large.

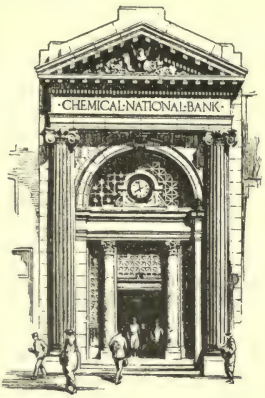
From sundry of the districts it is noted that the growth of business is far more noticeable in terms of dollars than in units of production, while, as just indicated, there are some in which very high prices are already beginning to produce a curtailment of buying power. This appears to be more largely true in the country

and outlying districts than in the cities. The banking situation is spoken of as reflecting the high prices of goods in the form of larger demand for accommodation. Increase in the cost of living is referred to as an unquestionable menace and in some districts it is reported that retailers themselves recognize this fact. The "work and save" program is reported by some to be considered hackneyed or obsolete. High wages are resulting chiefly in a reduction of labor time. According to one report, "much of our skilled labor works only sufficient days during the month to keep going. The effect of excessive wages has been that of destroying regular standards of living and the recognized basis of prices."

In districts whose products are predominantly agricultural, the usual midwinter intermission of activity has set in. In the grain-growing regions early snowfall and severe cold weather has done harm, particularly to the live stock prospects. On the Pacific Coast unfavorable climatic conditions during the early planting season retarded the sowing of wheat so that in Washington the acreage of winter wheat will be only 60 to 70 per cent. and that of Oregon 90 to 93 per cent. of normal. However, in the dry-farming sections of Utah and southern Idaho there has been much larger sowing of fall grain than in 1918. In the cotton States the crop has been relatively small and the yield per acre low, but prices have been at a record level. Wheat sowings in Tennessee are about 60 per cent. of last year's and in other Southern States early rains have prevented plowing for wheat from obtaining its full scope. In District No. 4 and especially in Ohio, winter wheat seeding is reported very late, while the very late seeding naturally went into the winter with practically no growth and a doubtful ultimate result. Fodder is reported to have been severely damaged. District No. 5 reports that the season now drawing to a close has been a fair one for the harvesting of crops. Cotton has been more closely picked than last year and the demand for tools, horses, mules and fertilizers indicates extensive preparation for next year's crops. Some cotton is still being held, but the crop generally appears to have been rapidly picked, ginned and sold.

Receipts of cattle at fifteen primary markets during November were 2,046,664 head, corresponding to an index number of 203, as compared with 2,317,487 head during October and 2,053,359 head during November 1918, the respective index numbers being 230 and 204. The receipts of sheep are slightly in excess of those during November 1918, being 1,743,189, as compared with 1,677,537 last year, and 2,405,511 during October 1919, the respective index numbers being 128, 123 and 176. Receipts of hogs, however, are considerably less than at the same time last year, showing a decline from 3,431,782 head, corresponding to an index number of 156 during November 1918, to 2,715,955 head, corresponding to an index number of 124 during November of this year, as compared with 2,160,079, corresponding to an index number of 98 during October. From Kansas City it is reported that November receipts of cattle and sheep at the six markets of that district were 15 and 36 per cent., respectively, below the October record, while receipts of hogs were 13 per cent. larger than in October. Reports at the middle of December indicated more liberal supplies of cattle and sheep, but largely reduced supplies of hogs as compared with the marketing for the same period last year. Hogs marketed in November showed an increased weight as compared with November 1918, while December has brought still further reduction in the prices of hogs. Cattle prices have also declined since the October report. The sale of the War Department's entire surplus of frozen beef is not expected to affect the market very materially.

Grain shipments are reported unusually slow, partly owing to coal shortage and consequent reduction of warehouse accommodations. For the period from December 1 to December 18 it was reported from the Minneapolis district that a severe shortage of cars has existed and that there has been the utmost difficulty in securing cars for the shipment of stock and farm products. Country elevators are full of grain and all movements of loaded cars are slow. On the Pacific Coast farmers are holding spring seed wheat in anticipation of having to reseed. Winter feeding of live-stock on the Pacific Coast has begun much earlier than was expected, but in spite of this there was a heavy demand for cattle for feeding and the stock yards report the quality offered superior to that of a year ago. It is reported from Chicago that although the average price of live hogs in November was only $14.20 as compared with $17.70 a year previous, the average price for December is considerably lower. A large amount of paper is said to be offered by cattle loan companies in consequence of the heavy movement of cattle from the drought sections of Montana, Wyoming and Kansas to-



A Financial Landmark

FROM the time when the street lights of Broadway were turned out on moonlight nights, because it was felt that the moon gave sufficient street illumination, the name of the Chemical Bank has been linked with the highest purposes and principles of banking.

Founded by men who regarded banking as a public trust, to be conducted in accordance with the strictest codes of personal honor and integrity, these principles are as much a part of this institution to-day as its corner stone is.

Upon its record of nearly a century of steadfast adherence to soundness of methods and organization, the Chemical National Bank invites the consideration of those desiring banking facilities.

This bank is seeking new business on its record

The Chemical National Bank
of New York

ward the southwest for grazing grounds.

Coal production has felt the effect of the strike and has accordingly been low in the bituminous field. The production during November was 20,303,000 tons, corresponding to an index number of 55, as compared with 54,579,000 tons, corresponding to an index number of 147 during October and 43,895,000 tons, corresponding to an index number of 118 during November 1918. The production of anthracite coal, however, has been well maintained, shipments during November being 5,971,671 tons, as compared with 6,560,150 tons during October and 5,276,659 tons during November 1918, the respective index numbers being 106, 117 and 94. In the central Pennsylvania fields the bituminous strike seriously curtailed output. Mines served by the Pennsylvania Railroad produced at 46 per cent. of capacity, those served by the New York Central at 8 per cent., and those served by the Buffalo, Rochester & Pittsburgh at 21 per cent. of capacity. The Federal Reserve Agent at Philadelphia predicts that the total production of bituminous coal for 1919 may be 150,000,000 tons less than in 1918. Anthracite coal production has been fairly satisfactory, although not quite up to the level of last year. In the Fourth Federal Reserve District resumption of work by the miners has relieved what might have been a serious situation, but the supply of cars still seems inadequate to move coal freely to the points where it is needed. The production of coke in the Fourth District has also been curtailed by reason of the miners' strike. One phase of the coal strike which has received much attention has been its possible effect upon other industries. On this subject the Federal Reserve Agent at Philadelphia remarks that "the effect on the industries of this district has not been very marked, although some mills and factories have been compelled to close down." In Cleveland it is stated that the restriction on fuel supplies necessitated a sharp cut in the production of steel, although a critical stage had only barely been reached when the coal strike was terminated.

Petroleum conditions, as reported from the Kansas City district, indicate the completion of 963 wells, a decline of 76 wells as compared with the October record. The total daily new production from the November completions was 69,131 barrels. Great activity in the effort to speed up production has occurred. An advance of 25 cents a

barrel on crude oil has given a new impetus.

The iron and steel industry has been obliged to face severe operating problems and trade and market conditions have accordingly been subordinated for the time being. Toward the end of the coal strike fuel curtailments had been ordered which would have necessitated a very material reduction in steel output. In fact, during the early days of December many blast furnaces were obliged to bank and a number of steel works were also closed. Loss of output has accordingly been suffered by the industry during December, the situation being cumulative as a result of the coal strike and the steel disturbance. It is estimated that the loss of production during the past three months as compared with the rate of activity prevailing October 1, has been from 2,000,000 to 2,500,000 tons in iron and steel. In the Atlanta district, however, although the industry was handicapped by the coal strike, there has been heavy demand for pig iron, and steel mills, while suffering from the coal strike, have been actively employed. They now have enough unfilled orders on hand to keep them operating at full capacity for many months to come. In Philadelphia pig iron is in strongest demand since the signing of the armistice, and steel products of all kinds are in heavy demand. Production during November was 2,392,350 tons as compared with 1,863,558 tons during October, the respective index numbers being 103 and 80. The unfilled orders of the United States Steel Corporation at the close of November were the highest for any month during the present year, being 7,128,330 tons, corresponding to an index number of 135, as compared with 6,472,668 tons at the close of October, corresponding to an index number of 123. The high costs of production now prevailing are proving a serious problem to steel producers and one large manufacturer in the Philadelphia district has closed his order books until definite costs can be ascertained. Raw materials are advancing, while fuel and transportation charges show possibilities of following in the same direction. Meanwhile, the demand for steel is strong in all lines, various railroads placing tonnages for 1920 delivery. Orders placed or under negotiations in the Fourth District run from 800,000 to 1,000,000 tons.

In general manufacturing activity is very great. Shoe manufacturers in the Philadelphia district are now operating with sufficient orders ahead to last until spring, but it is noted that high prices have to some extent tended to check purchasing. In St. Louis the manufacturing of boots and shoes is steady and larger orders are in hand for future delivery than ever before. Leather is reported to continue to decline in value, being particularly marked in lower grades. Tanners are reported to be cautious in the replenishment of stocks of hides which have likewise shown a decrease in price.

In shoe manufacturing and leather New England tanners are inclined to be cautious. Materials for women's fine shoes are still rising in price. No early reduction in the cost of footwear is foreseen, but the public is beginning to show a more conservative attitude as to purchasing.

Clothing manufacturers report very large orders, future demand exceeding normal, while November business was about on a par with the corresponding month a year ago. Manufacturers of woolens in the Third District have not kept up with demand and values are extremely high.

At the New England wool sales during the past month the demands for fine grades continued and far western wools are being purchased in advance of harvesting. Manufacturers are sold out for months ahead at high prices, chiefly for an output of fine fabrics, but there are hopeful indications for an increasing demand for wools of a lower grade.

In silk goods demand is unprecedented and prices are the highest ever received. Raw materials can be obtained in fair volume and with reasonable ease, but only at very high prices.

In New England manufacturers of fine cotton fabrics have not yet developed a policy with respect to taking on business, but many have sold practically their entire anticipated output for the first quarter of 1920, and others have engaged their product as far as August and September. The demand for goods continues high and strong.

In cottons the high price of the raw material has had a bad effect while unsatisfactory shipping conditions have added to the difficulties of producers. There has been an active call for all kinds of cotton goods both for domestic and export trade, while prices have been steadily on the increase. There are practically no stocks on hand at the mills. Manufacturers are concerned over the future and merchants are urged not to carry more goods than are absolutely necessary. The attitude of the consumer toward higher prices on spring goods is considered likely to be an important factor. The wholesale and jobbing trade is considerably confused, some dealers reporting very large increases running as high as 200 per cent., as compared with last year, while others report decreases up to

Where Service Counts—

Seaboard service is backed by thirty-seven years of experience in handling accounts of banks and bankers, corporations, firms and individuals throughout the United States.

It is the kind of service that gives personal, individual attention to every account—large or small—and will satisfy every particular requirement and financial need that your business may demand.

We offer you this distinctly personalized financial service and the complete facilities of our well equipped departments, with the assurance that any business entrusted to our care, will be handled with accuracy, promptness and unfailing courtesy at all times.

The Seaboard National Bank

of the City of New York

Resources more than	$80,000,000
Deposits	71,000,000

33 per cent. It would seem that some retailers in anticipation of higher prices have been buying ahead.

The housing situation is reaching a critical stage which may result in largely stimulating building operations. In the middle west, particularly in industrial centers, the shortage is said to be acute. Rents have advanced very greatly in view of the standstill of building operations and the increases of city populations which have called for much more extensive accommodation. In Chicago thus far building permits have been granted amounting to about $90,000,000, but it is estimated that from four to ten years will be required to overcome the deficiency in housing accommodation. In Detroit rentals have increased about 85 per cent., since the beginning of the war, and the shortage of houses is more serious than a year ago. In South Bend, Indiana, the shortage is exceptionally acute and the same is true at many important industrial points throughout the middle west and in the northwest. The same situation exists in many other parts of the country, in fact, so widely as to be all but universal, although in varying degrees. As a result of it an increase in building has already set in and in St. Louis the permits granted during the past month have been much larger than those of the preceding month or the corresponding month last year. The same is true of the Fourth Federal Reserve District, while on the Pacific Coast building construction is very active. In New York building contracts fell off $2,585,000 in November as compared with the preceding month. This was a decrease of about five per cent. Contract awards, however, normally show much larger decline at this season. The total volume of building in New York is very much above normal in cost and somewhat above normal in floor space. Residential building continues on a large scale. The continued rise in the prices of building materials has not yet reduced the extent of building operations below normal.

The Atlanta district reports that conditions during the past month have been favorable to the production of naval stores and that receipts have accordingly been well maintained. Prices have been stable and the prospects are that they will go no lower this season. Domestic demand is very large and labor conditions are not unsatisfactory.

The development of real estate speculation commented upon in many Federal Re-

serve Districts in November appears to have reached another stage in some quarters at least. The Federal Reserve Agent at Chicago notes that an encouraging feature of the situation is the fact that the rise in the price of land has received a decided check, while in some cities prices have declined twenty-five per cent. as compared with a few months ago. On the Pacific Coast, however, there is still a tendency to purchase farm lands at high prices for the purpose of reselling.

As already noted, a serious view is taken of the advance in prices. The index number of the Bureau of Labor Statistics shows an advance from 223 during October to 230 during November, which is the highest level yet reached. The increase is found in the index numbers for each of the principal groups, consumers' goods showing an increase from 220 during October to 226 during November, producers' goods from 211 to 216, and consumers' goods from 228 to 236. The increase in the index number for the group of raw materials is due largely to the increase in the prices of farm products, the index number for which group increased from 254 in October to 275 in November, while the index number for the forest products group likewise increased from 224 in October to 239 in November. That for the animal products group remains constant at 212 and that for the group of mineral products shows a decrease from 184 to 183. In Great Britain, Sauerbeck's index number shows an advance from 224.3 to 231.0.

The month of December shows some abatement of labor unrest and disturbances which had greatly reduced production during the preceding month. The termination of the coal strike and the cessation of activity in the steel strike as well as the increase in the number of men employed in those industries has greatly reduced the figures representing unemployment. From many districts it is reported that the chief difficulty does not lie in systematic strikes but in indisposition to increase production or to keep steadily at work. The reduced output as a result of very short hours or suspension of work a given number of days each week, has proved to be a national problem. The disposition of labor to pursue such a policy is ascribed by many to high wages and the desire to employ the increased purchasing power thus obtained in the purchase of leisure rather than goods.

During the month of December there has been some reduction in the expansion of bank credit and from district No. 2 it is reported that "the progressive expansion of October has been stayed, at least for the present." A falling off in the amount of new securities offered for sale is reported, while during the month the loans of the New York banks have continued to decline. From October 31 to December 21 the loans, discounts, and investments of the 112 reporting banks in the district fell off about $403,000,000, this decline being chiefly in New York city, but banks elsewhere increased their loans by about $264,000,000 during the same period, making a net decrease of only $139,000,000 for all the reporting banks in the country, about 794 in number. During the month discount rates at the Federal Reserve Banks were once more advanced, this advance being effective December 11. Commercial paper rates have continued to harden somewhat, and in New York are now on a six per cent. basis as compared with about 5½ per cent. basis at the middle of November. Call money has been as high as eighteen per cent. during the month, but the prevailing rate has been around eight to ten per cent., although at one time as low as five per cent. Less activity, not only in the New York stock market but also on stock exchanges the country over, has been a feature of the month's operations. Practically throughout the country there has been some tendency to a hardening in money rates of all kinds. The investment yield of securities has increased materially and during the month of December there has been a considerable liquidation in bonds. The result has been to reduce bonds generally and in a marked way. The lowest price level since 1896 has been reached. Third Liberty Bonds and Victory 4¾ per cent. notes have sold on a basis higher than five per cent. Dubious issues of stocks have made their appearance in great numbers throughout the country. The movement is stronger in the larger cities but is very widely prevalent. A vast growth of new enterprises, some doubtful, some sound, appears to be taking place throughout the country and the total volume of securities issued has been far in excess of any within recent months. Wage earners are buying for cash or are transferring their Liberty Bonds to promoters who in many cases offer extraordinarily high rates of return. During the month foreign exchange has gone to record low levels, sterling at one time touching $3.65. Francs and lire have paralleled this decline in sterling, and practically all exchanges have been unsettled. During the latter part of the month there was an upward movement which restored many of the currencies to somewhat better figures.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland and the District of Columbia

PRIMARILY this part of the country is devoted to manufacturing, although agriculture and the mining of coal are important sources of wealth. Here is located the chief port and financial center of the world—New York—while Philadelphia is the third largest city in the United States.

The year 1919, in this region, was marked by extraordinary activity, strikes of coal miners, steel workers and dock laborers having interrupted business for a time, but the beginning of 1920 found these difficulties all composed.

Foreign trade, banking, manufacturing and merchandising are all on new high levels. Labor is well employed at the best wages ever known, while the demand for most commodities is unprecedented.

Mercantile business is good, nearly all lines reporting heavier transactions than ever before. Building for the year was far above normal, though in some localities a slowing down was noted in the closing part of 1919.

Control of speculative credit and the providing of funds for legitimate business expansion are problems engaging the special attention of the banks at New York and some other Eastern financial centers. High call money rates on several recent occasions have tended to reduce speculative activities, and there has been some falling off of the issue of new securities, although such offerings still continue large.

CHANGES IN THE BANK OF THE MANHATTAN COMPANY

The following appointments have recently been made in the Bank of The Manhattan Company, New York:

To be vice-presidents: P. A. Rowley and V. W. Smith.

To be assistant cashiers: H. M. Bucklin, W. A. Rush, G. S. Downing, E. S. MacDonald and O. G. Alexander.

CONDITION OF THE ATLANTIC NATIONAL BANK

In its statement of condition, December 31, 1919, the Atlantic National Bank of New York, shows total resources of $27,578,899.10. At the same time deposits were $22,348,051.39. The complete statement follows:

RESOURCES

Loans and discounts	$16,612,893.81
U. S. Bonds and Certificates of Indebtedness	1,112,525.42
Other bonds, securities, etc.	1,137,688.75
Due from banks and bankers	446,684.82
Cash, exchanges and due from Federal Reserve Bank	6,846,072.38
Interest accrued	50,318.14
Customers' liability under Letters of Credit and Acceptances	1,372,715.78
	$27,578,899.10

LIABILITIES

Capital stock	$1,000,000.00
Surplus and undivided profits	1,000,489.62
Unearned discount	105,954.71
Reserved for taxes, expenses, etc.	17,531.76
Deposits	22,348,051.39
Bills payable with Federal Reserve Bank	1,593,000.00
Circulation	140,700.00
Letters of credit and acceptances	1,373,171.62
	$27,578,899.10

NEW PRESIDENT FOR THE METROPOLITAN TRUST

George C. Van Tuyl, Jr., who has been president of the Metropolitan Trust Company of New York for five years, has tendered his resignation of that office and the directors have accepted the action with regret. At the request of the directors Mr. Van Tuyl remains a member of the board and of the executive committee. Harold I. Pratt, of Charles Pratt & Co., was elected president to succeed him.

At the same meeting Beverly Chew, its senior vice-president, who has been associated with the company for more than thirty-three years, tendered his resignation owing to ill health.

Harold I. Pratt, the new president, was born in Brooklyn, New York, February 1, 1877; son of Charles Pratt, one of the founders of the Standard Oil Company and founder of Pratt Institute.

He prepared for college at the Pratt Institute High School and graduated from Amherst College in 1900. After a year of travel he entered Charles Pratt & Co., sub-

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital $500,000 Surplus $2,000,000 Undivided Profits $950,000

OFFICERS

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
THOMAS BLAKE, *Secretary*

HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED. **INTEREST ALLOWED ON DEPOSITS.**

sequently becoming the managing partner.

Mr. Pratt's business training has been varied. An active trustee of his father's estate his experience along conservative investment lines has been extensive, while the activities embraced in his connection with Charles Pratt & Co. have covered industrial manufacturing and railroad problems. His interests have extended outside the business world. Second to his connection with the work of the Pratt Institute of which he is a trustee, his activities as president of the Brooklyn Hospital have brought that institution to the front so far as plant, equipment and organization is concerned.



HAROLD I. PRATT
President Metropolitan Trust Company of New York

During the war his time and attention were devoted to the war work of the Y. M. C. A., for which organization he made a trip abroad during the summer of 1918.

Besides being a director of the Metropolitan Trust Company, Mr. Pratt is also a director of the Brooklyn Trust Company, Brooklyn Savings Bank, Ladd & Tilton Bank, Portland, Oregon; The Thrift of Brooklyn, Chelsea Fibre Mills, Self-Winding Clock Company, of which he is also president, and other companies in which his firm is interested.

He is a member of numerous clubs and takes an active interest in boating and golf.

On January 23, Mr. Pratt sent a letter to stockholders and clients of the Metropolitan Trust Company in which he took occasion to set at rest several rumors which have been circulating of late as follows:

"At the meeting of the board the future policy of the company was fully discussed. Suggestions from other institutions that we amalgamate with them were considered and rejected, the board being unanimous in its determination to inaugurate a progressive campaign for new business in all departments. I accepted the presidency to carry out this plan and the platform of the new administration is to be along progressive, yet conservative, lines, offering to the clients of the company in the banking, commercial and trust departments a fully equipped organization to meet any calls that may be made upon it.

"There has been no material change in stock ownership during the past year, and I am advised that none is considered, nor is any further change now contemplated in the personnel of the staff."



ATLANTIC
National Bank
Broadway-Opposite City Hall

Statement of Condition, December 31, 1919

RESOURCES		LIABILITIES	
Loans and Discounts	$16,612,893.81	Capital Stock	$1,000,000.00
U. S. Bonds and Certificates of Indebtedness	1,112,525.42	Surplus and Undivided Profits	1,000,489.62
Other Bonds, Securities, Etc.	1,137,688.75	Unearned Discount	105,954.71
Due from Banks and Bankers	446,684.82	Reserved for Taxes, Expenses, Etc	17,531.76
Cash. Exchanges and Due from Federal Reserve Bank	6,846,072.38	Deposits	22,348,051.39
Interest Accrued	50,318.14	Bills Payable with Federal Reserve Bank	1,593,000.00
Customers' Liability under Letters of Credit and Acceptances	1,372,715.78	Circulation	140,700.00
		Letters of Credit and Acceptances	1,373,171.62
	$27,578,899.10		$27,578,899.10

Commercial and Travelers Credits issued but not drawn against, $2,847,351.83

Phineas C. Lounsbury, Chairman
Herman D. Kountze, President

Edward K. Cherrill, Vice-Pres.
Kimball C. Atwood, Vice-Pres.
Frank E. Andruss, Cashier
John H. Brennen, Asst. Cashier
John H. Trowbridge, Asst. Cashier
Gilbert H. Johnson, Vice-Pres.
Charles F. Junod, Vice-Pres.
John P. Laird, Asst. Cashier
Hugh A. Garretson, Asst. Cashier
Geo. M. Broemler, Mgr. Foreign Dept.

SAMUEL McROBERTS LEAVES NATIONAL CITY BANK

The retirement of Samuel McRoberts as vice-president and executive manager of The National City Bank of New York, has been announced. No statement of his plans was made other than that he intends to have more time and personal freedom than the exacting duties of a bank official allow.

Mr. McRoberts returned to his duties in The National City Bank last January after having served for more than a year in the Army, both here and as a member of the American Expeditionary Force. He was commissioned a major in the Reserve Corps in November, 1917, and was promoted to colonel shortly afterward. He was appointed chief of the Procurement Division of the Ordnance Department in December, 1917, and on August 26 of the following year he was made a brigadier general and was transferred to the A. E. F. He was discharged from the army on January 15, 1919.

Mr. McRoberts became a vice-president of the National City Bank in 1909. Prior to that, for a number of years, he had been treasurer of Armour & Company.

CHANGES IN THE CHEMICAL NATIONAL BANK

At a meeting of the board of directors of the Chemical National Bank, Percy H. Johnston was elected to succeed Herbert K. Twitchell as president. Mr. Twitchell was made chairman of the board.

Mr. Twitchell has been president of The Chemical National Bank since July, 1917. He was born in Weybridge, Vermont, November 26, 1865, and received his education in the local schools and at Seeman Academy, New Haven, Vermont. In 1884 he entered the employ of the Travelers Insurance Company of Hartford, Conn., and spent about six years with that company and with the Charter Oak National Bank and The Hartford National Bank of that city, coming to New York in 1889 to accept a position as assistant paying teller of The Chase National Bank. In 1900 he was appointed assistant cashier of that bank, remaining in that position until he came to The Chemical National Bank as assistant cashier in 1907. He was elected vice-president in 1911 and a member of the board of directors the following year.

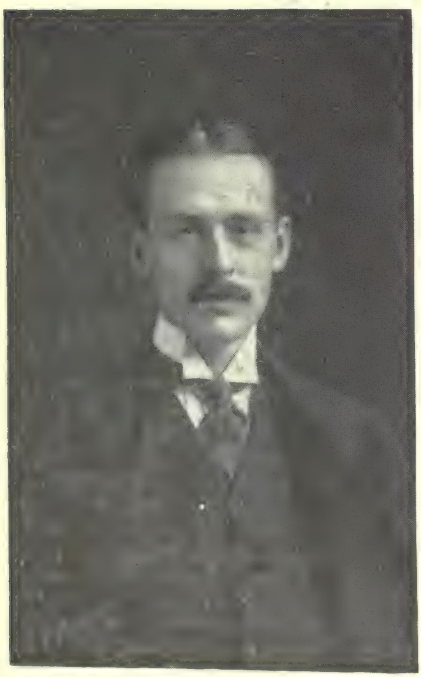
Mr. Johnston was formerly vice-president of the bank. He came to The Chemi-



HERBERT K. TWITCHELL
Chairman of the Board, Chemical National Bank, New York



PERCY H. JOHNSTON
Newly Elected President Chemical National Bank, New York



CLIFFORD P. HUNT
Vice-President, Chemical National Bank, New York

cal National Bank in 1917, from The Citizens National Bank of Louisville, Ky., where he was a vice-president. Previous to his connection with the Citizens National Bank, Mr. Johnston served as the government's representative in charge of the national banks in the state of Kentucky and later as chairman of the examiners of the Southern States, his territory lying south of the Ohio and east of the Mississippi rivers.

Another important change in The Chemical National Bank, is the election of Clifford P. Hunt, as vice-president, to fill a vacancy created by the resignation of John Clausen. Mr. Hunt comes to the Chemical from the Bank of New York, where he occupied the dual position of vice-president and cashier.

Mr. Hunt was born in 1876 and began his banking career in 1890, when he entered the Hanover National Bank as messenger. In 1899 he went to the Bank of New York as assistant in the foreign department and shortly afterward was made head of the department. Subsequently he was engaged in other branches of the bank and especially connected with the new business work. Early in 1919, he became cashier, and in October, 1919, he was made a vice-president.

The Chase National Bank

OF THE CITY OF NEW YORK 57 BROADWAY

Capital	**$15,000,000**
Surplus and Profits	**21,877,000**
Deposits (Jan. 21, 1920)	**387,861,000**

OFFICERS

A. BARTON HEPBURN, Chairman of the Advisory Board
ALBERT H. WIGGIN, Chairman of the Board of Directors

EUGENE V. R. THAYER, President

SAMUEL H. MILLER,	Vice-President	GERHARD M. DAHL,	Vice-President
EDWARD R. TINKER,	Vice-President	REEVES SCHLEY,	Vice-President
CARL J. SCHMIDLAPP,	Vice-President	ALFRED C. ANDREWS,	Cashier

DIRECTORS

H. W. CANNON	J. N. HILL	E. R. TINKER	E. V. R. THAYER
A. B. HEPBURN	D. C. JACKLING	H. B. ENDICOTT	C. J. SCHMIDLAPP
A. H. WIGGIN	F. A. SAYLES	E. T. NICHOLS	G. M. DAHL
J. J. MITCHELL	C. M. SCHWAB	N. CARLTON	A. FLETCHER
G. E. TRIPP	S. H. MILLER	F. H. ECKER	W. B. THOMPSON

WE RECEIVE ACCOUNTS OF Banks, Bankers, Corporations, Firms or Individuals on favorable terms, and shall be pleased to meet or correspond with those who contemplate making changes or opening new accounts.

Through its Trust Department, the Bank offers facilities as Trustee under Corporate Mortgages and Indentures of Trust; Depositary under re-organization and other agreements; Custodian of Securities and Fiscal Agent for Corporations and individuals.
Executor under Wills and Trustee under Testamentary Trusts
Trustee under Life Trusts

FOREIGN EXCHANGE DEPARTMENT

PARK-UNION APPOINTMENT

The Park-Union Foreign Banking Corporation has announced that Irving V. Scott, formerly connected with the Banking Department of the State of New York, has been appointed assistant treasurer.

IMPORTANT NEW YORK MERGER

It is announced that plans are nearly completed for a merger of the two banking and brokerage firms of Blair & Company and William Salomon & Company. It is understood the consolidation will be incorporated and that its officers will be elected from the partners of the two original concerns.

Although the report was somewhat of a surprise, it was believed to have been hastened by the recent death of William Salomon, who reorganized the firm of that name. It is generally admitted that the combination will have many advantages. Blair & Company has been known for many years as one of the most conservative banking firms in the street and William Salomon & Company has been a successful house of issue and distribution. Plans for the personnel of the new organization call for the election of Elisha Walker, William Salomon & Company, as president. Those who probably will be in the new firm include D. C. Blair, James A. Blair, C. Ledyard Blair, John B. Dennis, and Edgar L. Marston, of Blair & Company, and Alonzo Potter, Elisha Walker, Clarence McK. Lewis, Stewart Waller, Jacques Weinberger and Herman Gifford, of William Salomon & Co.

IMPORTERS AND TRADERS ANNOUNCES NEW POLICY

The Importers and Traders National Bank of New York has announced the inauguration of a new policy with respect to allowing interest on deposits effective January 1, 1920.

In announcing this policy the bank gave out the following statement:

"This departure from our traditional policy is rendered desirable by present and prospective financial conditions. It involves, however, no change in the adherence to those conservative principles of banking which have distinguished this institution since its foundation.

"The bank will continue distinctively a

INVESTMENT SECURITIES

We specialize in Government bonds and other investment securities. This firm was founded in 1865 and we have always endeavored to recommend to our clients conservative investments. As members of the New York and Boston Stock Exchanges we are prepared to execute orders for the purchase or sale of securities on a cash basis in large or small amounts.

A circular describing several issues of desirable investment securities will be sent on request

Kidder, Peabody & Co.

115 Devonshire St. Boston

17 Wall Street New York

commercial institution as evidenced by the character of its resources.

"We invite accounts of individuals, merchants and manufacturers, on which payment of interest may be arranged. We also invite the accounts of banks and bankers on the usual interest terms."

On December 31, 1919, this bank showed total assets of $47,895,075.60, and deposits of $37,053,395.11.

NATIONAL BANK OF COMMERCE IN NEW YORK, ESTABLISHES NEW GRADE OF OFFICER

In order to adjust and augment its staff of officers to the increased volume of its business, the National Bank of Commerce in New York, has established the title of second vice-president. At the meeting of the board of directors January 7, seven officers of the new title were appointed, all coming from the grade of assistant cashier, except one, the manager of the service department.

Those appointed to second vice-presidents are assistant cashiers Harry P. Barrand, Louis P. Christenson, Archibald F. Maxwell, Edward H. Rawls, Everett E. Risley and Henry C. Stevens, and the manager of the service department, James I. Clarke. Also, two new assistant cashiers were appointed, Julius Paul and Hamilton G. Stenersen.

IMPORTANT MERGER

The merger of the Bank of Long Island with the Bank of the Manhattan Company having become effective, the latter Institution will number, beside its main office at 40 Wall Street, and its uptown office at 31 Union Square, thirteen offices in the Borough of Queens, located at Jamaica, Rockaway Beach, Far Rockaway, Seaside, Flushing, College Point, Corona, Elmhurst, Fresh Pond, Woodhaven, Ridgewood, Richmond Hill and Long Island City. This consolidation is a most successful result of the Bank of the Manhattan Company's having combined with its policy of conservatism one of progressiveness.

SEABOARD ELECTS NEW ASSISTANT CASHIER

At a meeting of the board of directors of the Seaboard National Bank of the city of New York held January 15, 1920, W. A. B. Ditto was appointed assistant cashier.

Mr. Ditto was born in Hancock, Mary-

land, and his connection with the Seaboard began in 1900. Prior to this time he was associated with the Hancock Bank, Hancock, Maryland.



W. A. B. DITTO
Assistant Cashier, Seaboard National Bank, New York City

He has served in various capacities in the bank and in recent years has been in the loan department. He is a member of the American Institute of Banking and has taken an active interest in banking and Institute affairs.

NEW YORK STATE DEPOSIT ASSOCIATION

Russell Brittingham, vice-president of the Equitable Safe Deposit Company of New York, was re-elected president of The New York State Safe Deposit Association at its annual meeting. Other officers elected were Samuel E. Martin, of the Peoples Trust Co. Vaults, Brooklyn, and Walter J. Barrows, of the Standard Safe Deposit Co., New York, vice-presidents.

Walter C. Reid, of the Lincoln Safe Deposit Company, and L. V. Ennis, of the Chatham & Phoenix National Bank, were

Resources

$17,000,000.00

If intelligent handling of items and low rates appeal to you send us your Buffalo business

THE PEOPLES BANK OF BUFFALO

Try our Service

and you will be entirely satisfied

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Vice-Pres.
C. G. FEIL, Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier

Member Federal Reserve System

elected members of the executive committee.

NEW ASSISTANT SECRETARIES FOR GUARANTY TRUST COMPANY

Charles F. Bruder, Jr., and John Kalmbacher have been appointed assistant secretaries of the Guaranty Trust Company of New York. Mr. Bruder was formerly a paying teller of the Guaranty Trust Company and Mr. Kalmbacher was formerly the head of the collection department.

NEW ASSISTANT CASHIER ATLANTIC NATIONAL BANK

Hugh M. Garretson, recently appointed assistant cashier of the Atlantic National Bank, is still another evidence of the way New York institutions are drawing upon out-of-town institutions for their active officers. Mr. Garretson was born in Jefferson County, Arkansas, and entered the banking field with the Hill Dodge Banking Company at Warsaw, Illinois. After five years of service there, Mr. Garretson became connected with the Illinois Trust & Savings Bank, of Chicago, where he has remained during the last seventeen years. Prior to coming with the Atlantic National Bank as assistant cashier, he occupied a similar position with the Illinois Trust & Savings Bank.



HUGH M. GARRETSON
Assistant Cashier, Atlantic National Bank, New York

This is the third important appointment which has been made at the Atlantic National during the last year and a half. Charles F. Junod, formerly of Omaha, Nebraska, was elected vice-president; and Frank E. Andruss was made cashier after long experience with Kountze Brothers. The Atlantic National Bank has been particularly active in expanding its thoroughly modern and progressive service to commercial houses and its recent growth may be traced to the forward-looking, personal service policy. Its foreign exchange department is well connected abroad and has shown substantial gains during the last year.

AMERICAN EXCHANGE NATIONAL BANK

At the annual meeting of stockholders of the American Exchange National Bank, New York, the retiring board of directors was re-elected and the following additions made:

Avery D. Andrews, American representative of the Royal Dutch Petroleum Company of Holland, and the Shell Transport and Trading Company of London; Orion H. Cheney, president of Pacific Bank of New York, which is closely affiliated with The American Exchange National Bank; and Brison Howie, a member of the law firm of Cardozo and Nathan.

Following the meeting the board of directors re-elected the executive staff, headed by Lewis L. Clarke, President.

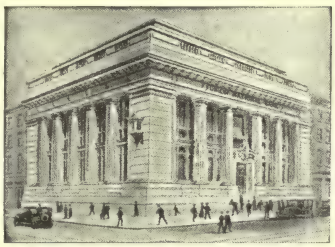
The American Exchange National Bank continues to forge steadily ahead, its total resources as shown by the Comptroller's Call as of December 31, 1919, being over $200,000,000. During the year it added a trust department and organized the American Exchange Securities Corporation.

The directors have also appointed Luke D. Doyle and John P. G. Moran, assistant cashiers. Both have been connected with the bank for many years, Mr. Doyle having just completed his thirty-fifth year of continuous service.

NEW PARTNERS IN THE MORGAN FIRM

With the New Year many changes in banking partnerships were announced. J. P. Morgan & Co. admitted three new members. They become general partners,

Equipped for Service



LOCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

Union National Bank

PHILADELPHIA

Resources over $19,500,000

not only in J. P. Morgan & Co., New York; but in Drexel & Co., Philadelphia; Morgan, Greenfell & Co., London, and Morgan, Harjes & Co., Paris.

These new members are Junius Spencer Morgan, Jr., son of J. P. Morgan; Elliot Condin Bacon, son of the late Robert Bacon, and George Whitney, nephew of Edward F. Whitney. Robert Bacon and Edward Whitney were members of the firm.

All three of these new partners are young men. Mr. Morgan is 27. He has been with the house since 1915. He is a Harvard man, and served in the Navy as a Lieutenant during the war. Mr. Bacon is 31. He was a Captain in the 304th Field Artillery, 77th Division, and he also saw service abroad. Mr. Whitney is 34. He was in an officers' training camp when the armistice was signed. He served last year in the Peace Conference, as aid to Mr. Lamont.

CITIZENS NATIONAL OFFICIAL RETIRES

Garrard Comly, for the last seven years vice-president of the Citizens National Bank of New York, retired from active duty in that capacity on January 1. He took this step to become a partner in the firm of Bacon & Company, commission merchants of New York City. Mr. Comly will remain on the board of directors of the Citizens National Bank, however, and will serve as honorary vice-president of the bank.

Mr. Comly came to the Citizens National Bank as vice-president in 1913, from the Eliot National Bank of Boston. He was graduated from Yale in 1893 and received his early bank training with the Lockwood National of San Antonio and the Fletcher National of Indianapolis. During 1918, Major Comly served in France and in Washington as a member of the General Staff of the United States Army.

The Citizens National Bank has always kept well abreast of the demands of the times. It has maintained a high reputation for strength and established a record as one of the notably successful commercial banks of New York. October 22 last, the capital stock of the bank was increased from $2,550,000 to $3,000,000 and $550,000 was transferred from the undivided profits and added to the surplus, making a total of $3,000,000, or a combined capital and surplus of $6,000,000. During the last five

years the deposits of the bank have practically doubled, and the total resources are now approximately $70,000,000.

The president of the Citizens National Bank is Edwin S. Schenck, who has held this office since 1902. Although the institution was founded in 1851, Mr. Schenck is only the sixth who has held this office. The operations of the bank have always been confined to commercial banking. It is particularly identified with merchants and manufacturers in textile lines. During the last few years its service has been materially enlarged. Among other things a foreign exchange and a trust department have been added.

MERCANTILE BANK OF THE AMERICAS

The name of Willard King, the president of the Columbia Trust Company, has been added to the board of directors of the Mercantile Bank of the Americas. The Columbia Trust Company has now joined the group of banks and bankers which are shareholders in the Mercantile. This group now includes Brown Brothers & Company, J. & W. Seligman & Company, the Guaranty Trust Company, Central Union Trust Company, National Shawmut Bank of Boston, Anglo & London Paris National Bank of San Francisco, Hibernia Bank & Trust Company of New Orleans, Continental and Commercial National Bank of Chicago, and the Guardian Savings and Trust Company of Cleveland.

FREDERICK B. MEEKER RETIRES

Frederick B. Meeker has retired from Brown Brothers & Co., after association with this firm for over half a century. For the past 20 years he had been head of the Commercial Credit Department. His business career has extended from the Reconstruction period following the Civil War to the like period after the late War. In it he had witnessed and taken an active part in the remarkable trade and financial development of the United States with which Brown Brothers & Co. have been identified. The organization of Brown Brothers & Co. numbered about 35 when Mr. Meeker joined it in 1868. It now has nearly 300.

Mr. Meeker had a wide acquaintance among the leading importers and exporters of this country. He was recognized for his sound business judgment and conservatism and for his intimate knowledge of domestic and foreign credit conditions.

INCOME AND PROFITS TAX BOOKLET

The United States Mortgage & Trust Company, New York, has issued a booklet containing a digest and analysis of the Income and Excess Profits Taxes for 1919.

INCREASED CAPITAL STOCK

The Mercantile Bank of the Americas, Inc., decided at the last meeting of its board of directors, to increase the authorized capital from $5,000,000 to $10,000,000.

New stock, to the amount of $1,500,000, is to be issued to the present shareholders shortly at $190 per share.

GUARANTY TRUST CO.'S NEW BRANCH

To provide more quickly and efficiently for its constantly increasing foreign exchange business, the Guaranty Trust Company has found it necessary to open an additional branch at 266 Grand Street, New York City, the building formerly occupied by the Mutual Alliance Trust Co.

ASIA BANKING CORPORATION

Arthur Reynolds, vice-president of the Continental and Commercial National Bank of Chicago, has been elected a director of the Asia Banking Corporation. The Corporation also voted at the same time to increase the number of its directors from fifteen to eighteen.

NATIONAL BANK OF COMMERCE APPOINTMENT, NEW YORK

William T. Sheehan has been appointed an assistant manager of the Foreign Department of the National Bank of Commerce in New York. Mr. Sheehan came to the bank in 1910 as a messenger. Advancing through several grades he was made chief clerk of the Foreign Department in 1917. Later that year he resigned to enter the Army. He returned to the bank upon his discharge from the service about a year ago.

A BONUS BASED ON LIVING COST

Among Christmas bonuses, that of the Irving National Bank is of special interest. This because of the fact it has a permanent plan behind it and is frankly based on the current level of the cost of living. "Extra compensation" the Irving calls the quarterly payments with which it

has supplemented salaries for the last two years. Ever since market prices began to run away from the usual advances in salaries in fact. For the present quarter this "extra compensation" is 36¾ per cent of all salaries: in the period of July to September, the rate was 34½ per cent; and in April to June, 25 per cent.

Bradstreet's index number of commodity prices, averaged for the quarter, is used to ascertain whatever changes have taken place in living costs. For each advance or decline of 20 points in this index number, the cost of living, it is estimated, rises or falls one per cent; and the Irving's extra compensation likewise goes up or down one per cent.

EDWIN G. MERRILL RESIGNS

Edwin G. Merrill has resigned the position of vice-chairman and vice-president of the Central-Union Trust Co. of New York, to associate himself, it is said, with a private banking house.

Mr. Merrill was vice-president of the old Central Trust Co. He resigned that to become president of the Union Trust Co. in 1910. Upon its merger with the Central Trust, he became vice-president and vice-chairman of the board.

GUARANTY TRUST COMPANY OF NEW YORK

At a meeting of the executive committee of the board of directors of the Guaranty Trust Company of New York on December 18, Ralph Dawson, vice-president of the Asia Banking Corporation, was appointed a vice-president of the company. Mr. Dawson was born in Brooklyn in 1884. He entered the employ of the Guaranty as a clerk, fifteen years ago; became an expert in foreign exchange and managing clerk of the foreign department. Later he was appointed auditor, and in 1914 became senior assistant manager of the foreign department. In December, 1917, he was appointed an assistant secretary of the company. Since then he has become widely known as an international banker. He returned recently from China, Russia and the Philippines, where he spent fourteen months organizing branches of the Asia Banking Corporation.

John A. Terrace, manager of the foreign department of the main office in New York, was appointed acting joint manager of the London office of the company with Sigmund Metz, formerly an assistant manager of the foreign department. Mr. Metz has been assistant manager of the London office of the company for some time.

Robert F. Loree, assistant secretary of the company, was appointed manager of



New Banking Home for the Wilmington Savings Fund Socicty

Construction work begins in January on an imposing banking home for the Wilmington (Del.) Savings Fund Society. The proposed structure, which will be located on the site of the present quarters at Ninth and Market streets, will be of the individual type, of classic design executed in white Indiana limestone. It will extend from Market to King street for a depth of 210 feet and have a frontage of 60 feet on Market street. A row of massive granite pillars fifty feet in height will form the ornamental feature of both facades, the top being surrounded by an ornamental balustrade of white limestone. The front and side will rise in an unbroken structure, providing a spacious banking room inside extending nearly the length of the building. On the King street side there will be five stories, however, including basement.

The interior will be in harmony with the distinctive character of the exterior. The commodious public space will be central with officers' quarters, working space and wickets for tellers arranged along both sides, the safe deposit department occupying the rear of the banking room. Tavernelle Fleuri will be used for the beautiful counterscreen, the general trim being in pink Tennessee and olive-tinted marble with golden brown hangings and bronze grill work. A combination of artistic decorations, lighting effects and equipment will result in one of the most beautiful banking homes in the state.

It is expected that the new quarters will furnish ample accommodation for the rapidly increasing volume of business of the Wilmington Savings Fund Society, which has outgrown its present home after its successful business activities of nearly ninety years. The present officers of the Society are: Frederick E. Stone, president; Frederick Bringhurst, vice-president; William Bush, secretary and treasurer; Stewart J. Horn, assistant secretary and treasurer; S. Watson McDougall, auditor. The building was designed by Hoggson Brothers, of New York and Chicago, and will be constructed, decorated, furnished and equipped in its entirety by Hoggson Brothers organization.

the foreign department to succeed Mr. Terrace.

Rene Leon was appointed manager of the bullion division and Robert M. Saunders was appointed assistant manager of the foreign department.

ASIA BANKING CORPORATION

The Asia Banking Corporation elected December 30 three new directors: Alfred L. Aiken, president National Shawmut Bank, Boston; Ralph Dawson, vice-president Guaranty Trust Company of New York, and J. Arthur House, president Guardian Savings and Trust Company, Cleveland, Ohio.

WALTER P. COOKE HEADS BUFFALO BANK

Walter P. Cooke, senior member of the law firm of Kenefick, Cooke, Mitchell & Bass of Buffalo, N. Y., was elected chairman of the board of the Marine Trust Company of Buffalo at a meeting of the directors held December 17.

Mr. Cooke is president of the Great Southern Lumber Company and the New Orleans Great Northern Railroad. He is a director of the F. W. Woolworth Company, the Buffalo General Electric Company and the Rogers Brown Iron Company. He is also executor of the S. H. Knox estate and the F. H. Goodyear estate. He was chairman of the Buffalo Liberty Loan Committee during the last four loan campaigns, and is well known in New York, particularly among former Liberty Loan officials and workers.

The late Grover Cleveland was at one time a member of Mr. Cooke's law firm.

SPRING MEETING EXECUTIVE COUNCIL, A. B. A.

The administrative committee of the American Bankers Association has selected Pinehurst, North Carolina, for the spring meeting of the executive council of the association. The dates selected are April 27, 28, 29 and 30, 1920. The Carolina Hotel will be headquarters.

The executive council transacts at its spring meeting the interim business of the association between conventions. On the first day of the meeting, April 27, the numerous committees will meet and the sessions of the full council will be held the three days following.

PEOPLE'S NATIONAL, PITTSBURGH, DECLARES DIVIDEND AND BONUS

The directors of The People's National Bank of Pittsburgh, Pa., declared on December 31 the regular quarterly dividend of four per cent., and an extra dividend of two per cent., making total dividends of twenty-one per cent. for the year. They also declared a twenty per cent. bonus to the employees, based on annual salaries, and in addition to this, placed life insurance on all employees, for an amount equal to their annual salaries with a maximum of $3,000, payable to the beneficiary in twelve equal installments.

THE NEW AMERICAN THRIFT

The January number of the Annals of the American Academy of Political and Social Science is devoted to the subject of Thrift and contains the following articles on various phases of this subject:

America's New Conception of Thrift; the Relation of Thrift to National Building; Freedom Through Thrift; Thrift as an Individual and Family Problem; the Insurance of Thrift; the Nation's Call for Thrift; Wealth, Income and Savings; Thrift and Labor; Organized Labor's Attitude Toward the National Thrift Movements; Thrift and Business; Governmental Thrift Through a National Budget; Thrift and the Financial Situation; Capital Needs for Education in the United States; An Analysis of the Need of Capital for Transportation in United States; American Farmer's Need for Capital; Capital Needs for American Industrial Development; Capital Needs of Foreign Trade; Memorandum on the Economic Situation; What Fuel Conservation Means to America; Food Thrift; the Garbage Pail a National Thrift Barometer; the Function of Salvage in the Education of Industrial Workers; Efficiency and Thrift; Requisites of a Good Investment; Speculation and the Small Investor; United States Government Bonds as Investments; the Development of Thrift Facilities; Co-Operative Credit Institutions in the United States; Life Insurance in Relation to Thrift; the Promotion and Practice of Thrift in Foreign Countries; the Promotion and Practice of Thrift in Great Britain; Thrift in the United States; Psychological Notes on the Motives for Thrift; Thrift in the School Curriculum; the Consumer's Responsibility; Promoting Thrift in America; Two Thrift Tables; Brief Bibliography.

New England States

NEW ENGLAND may not be rushing her readjustment program as rapidly as some other parts of the country, but she is doing the job thoroughly, conservatively and with an optimism that overcomes all obstructions. New England business conditions are sound and the business outlook is good—very good indeed.

There are three features of especial prominence in the present business situation in New England: First, the tremendous activity in real estate; second, the abnormally low number of business failures; third, the increasing number of new corporations. The real estate situation is especially interesting, for it reflects the strong movement of high wages and increased savings into sound land investments. The transactions, for the most part, involve improved property—most of it for homes—much of it for business extensions. There is little or no speculative activity in real estate and the banks, while finding plenty of funds to finance home buying and business extensions at six per cent. and thereabouts, are emphatically opposed to loaning money for real estate speculations, booms or "developments." The building industry is fairly active but high prices hold many projects in check.

Business failures, as we have already stated, are abnormally few. Also they are relatively unimportant and of restricted influence—for the most part concerns or individuals operating within a narrow radius.

The labor situation is improving. The police strike in Boston was the high-water mark of radical labor efforts in New England, and its flat failure was a source of satisfaction to employers and sane supporters of labor alike. The fight between President Wood of the American Woolen Company and the merchants of Lawrence throws another interesting sidelight on the labor situation in New England. Mr. Wood accuses the merchants of unreasonably increasing the high cost of living and threatens to open and operate a big, all-embracing department store which will sell goods to his employees practically at cost. It's a merry fight, and in any event seems to be drawing the employer and employees pretty close together, with a consequent elimination of much distrust and misunderstanding.

The financial situation in New England is sound and satisfactory. The credit situation is good. The banks report largely increased deposits with an active demand for loans which is limited only by the sane conservatism of the banking element which refuses to finance operations running far into the future, in the face of probable price changes and a very much involved foreign trade outlook. A poll of the membership of the Boston Chamber of Commerce—a large and very representative organization—on the question of the peace treaty, showed an overwhelming majority for ratification with reservations. This may be said to represent the feelings of the majority of New England business and financial men, who feel that much of the present conservatism in certain quarters is due to the unrest created by the unreasonable delay in the matter of the peace treaty.

Just before Christmas one of the smaller trust companies in Boston—The Old South Trust Company—was closed by the Bank Commissioner. The whole matter has aroused a great deal of criticism of the methods and policies involved in granting charters to groups of men not fully qualified by experience to conduct a banking business.

Reverting once more to a consideration of the general business field in New England, one cannot but be impressed with the universal optimism over the outlook for this new year. High wages create a great buying capacity and the big wage fund of the country is creating a mighty demand for New England's diversified products. Increased production is our greatest problem. Textiles, leather, shoes, machinery, and all the other basic New England industries look for this to be a big year. Stocks in the hands of dealers and jobbers are low and the demand from consumers is heavy in spite of high prices.

Lack of confidence would prove disastrous, but there is no indication of any such lack. There is plenty of healthy con-



Quick Dependable Service

During its eighty-eight years, this bank has developed specialized facilities and world-wide connections through which it extends to its correspondents quick, dependable service in every department of domestic and foreign banking.

The Merchants National Bank of Boston

Resources over $82,000,000

servatism which governs the transaction of business running far into the future, but there is no lack of confidence. On the contrary there is a deeper and wider understanding of the big problems that we face than has ever been the case before—and this, in itself, is a very hopeful sign.

CHANGES IN PROVIDENCE INSTITUTION

Recent changes of importance have been made in the personnel of the Rhode Island Hospital Trust Company, Providence, by which H. J. Wells, formerly president, becomes chairman of the board; T. H. West, Jr., formerly a vice-president, has been made president, and John H. Wells, son of the chairman, becomes a vice-president, having formerly been secretary of the company. G. B. Hibbert, formerly assistant secretary, has been made secretary, and R. W. Bowen, clerk for many years, is now an assistant secretary. The present board of directors is as follows: Edward D. Pearce, Herbert J. Wells, Lyman B. Goff, Howard O. Sturges, Stephen O. Metcalf, Walter R. Callender, James E. Sullivan, Benjamin M. Jackson, Frank W. Matteson, Robert H. I. Goddard, Henry D. Sharpe, Isaac B. Merriman, Alfred K. Potter, William L. Hodgman, Frank H. Swan, Rowland Hazard, Royal C. Taft, J. Arthur Atwood, William C. Dart, Horatio A. Hunt, Thomas H. West, Jr., Frederick A. Ballou, Albert W. Dimick, Henry F. Lippitt, Charles D. Owen, Jr.

NEW BANK WORK

A contract has been let recently for alterations and improvements to the building of the Windham National Bank, Willimantic, Conn. The changes will include a new vault, new fixtures, and other operations at a cost of fully $100,000.

Thomas M. James, 3 Park street, Boston, is the architect of the above and he has also prepared plans for the remodeling of the Bellows Falls (Vt.) Institution for Savings building, at a cost of $40,000 to $50,000; improvements to the building of the Houlton (Me.) Trust Co., and modernizing with new fittings the banking rooms of the Blackstone Canal National Bank at Providence.

Another bank operation in Mr. James' hands is the extensive enlargement of the building of the Savings Investment and Trust Co. at East Orange, N. J. Mr. James is constructing at the same time two branch office buildings for this bank, the entire operation running into half a million dollars.

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

THE SOUTHERN States are devoted chiefly to the growing of cotton and various farm crops, some of the states having vast deposits of coal and ores of different kinds. There are also extensive oil-producing regions, while manufacturing is rapidly developing.

Throughout the Southern States generally the past year was one of extraordinary prosperity, a marked feature of trade being the disposition to buy freely at high prices. Here, as elsewhere, in the larger cities the demand for housing facilities is far ahead of the supply, and one of the problems that must be met in the near future is how to make up this shortage—something not easy to do with the prevailing high cost of labor and materials.

Although the last cotton crop was not quite so large as that of the preceding year, this shortage was more than made up in value by the higher prices received.

While there have been some labor troubles, and of a rather serious nature in certain mining districts, these have been amicably settled. In the Southern States there are important manufacturing interests, but a great deal of the manufacturing is done in comparatively small cities, which renders labor troubles less probable. The preponderating interest is that of agriculture—an industry which has thus far been exempt from labor disturbances.

So far as can be discerned from the present situation, the business outlook in the Southern States for the year 1920 is decidedly favorable in character.

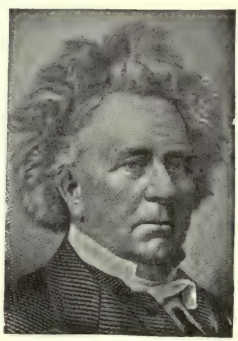
OFFICERS FOR HIBERNIA SECURITIES CORPORATION

Following the announcement by the Hibernia Bank and Trust Company of New Orleans of the actual organization of the Hibernia Securities Company, Inc., an independent million dollar investment corporation, comes the announcement of the election of the active officials of the company.

Rudolf S. Hecht, president of the Hibernia Bank, will occupy the same official position with the Securities Company; Chas. F. Herb will be vice-president and general manager; F. W. Ellsworth and Adolph Katz, vice-presidents; Alvin P. Howard, treasurer, and P. H. Wilkinson, secretary.

J. K. McIntosh, for three years connected with E. Naumburg & Co., will have charge of the commercial paper handlings of the company. Mr. McIntosh has done much toward the development of the sales business of that company in the South and less than a year ago he opened a branch office in Atlanta to cover southern territory for the Naumburg firm. He goes to the Hibernia Securities Company with an extensive experience in finance.

The Hibernia Securities Company, Inc., was organized by the Hibernia Bank and Trust Company for the purpose of handling certain classes of financing which can best



Our first President

Merchants National Bank

RICHMOND, VA.

Capital . . . $400,000
Surplus and Profits over 1,700,000

The Gateway to and Collection Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

be served by an especially equipped and entirely distinct organization. Thus, the new company with an authorized capital of $1,000,000, will engage in general corporate financing, participate in the underwritings and distribution of high grade preferred stock, short time notes and other investment securities, purchase and sell prime bank acceptances and commercial paper, and finance commodities for domestic and foreign markets which are in transit or in warehouse awaiting shipment.

MISSISSIPPI VALLEY TRUST COMPANY APPOINTS JOHN A. MONROE TEXAS REPRESENTATIVE

With the opening of the new year, the Mississippi Valley Trust Company announces the appointment of John A. Monroe as its Texas representative.



JOHN A. MONROE
Texas Representative, Mississippi Valley Trust Co.
St. Louis

Mr. Monroe resigns the position of manager of operation of the credit department of the Federal Reserve Bank of Dallas, to join the field force of the trust company.

He was born in Frankfort, Ky., in 1873, but has been a Texan since his seventh year and graduated from the University of Texas in 1898.

He started his career in educational work and by 1904 had achieved prominence as Superintendent of Schools of Lamar County, Texas.

In 1907 he was elected assistant cashier of the First National Bank of Paris, Tex., a position which he held until 1918, when he joined the Federal Reserve Bank. In both institutions his duties have called for activity among bankers all over the state.

For more than a year he has been educational director of the Texas chapter of the American Institute of Banking and will continue in this position.

Mr. Monroe is married and has four sons. He is well known in the business and social life of Dallas and will make that city his headquarters.

CONDITION OF THE STATE BANKS OF VIRGINIA

At the call of November 17, 1919, the 312 State Banks of Virginia showed total resources of $199,436,988.54. At the same call total deposits amounted to $144,198,358.71. The combined capital of the Virginia State Banks amounted at this time $19,443,032. Savings Deposits were $37,357,231.98.

THE MARINE BANK AND TRUST COMPANY, NEW ORLEANS

This bank has made a record for the brief period of its existence, something like twenty-two months, at this writing. It has piled up over $21,000,000 in deposits during that time. From its statement of December 31 last it appears that its capital stock is $1,000,000, its surplus and undivided profits, $286,908; its deposits, $21,395,629. Among its resources it counted at that time United States and other bonds and securities to the extent of $1,318,759; cash items, $7,595,163; customers' letters of credit and acceptances, $1,523,197 and a banking house, $599,553.

L. M. Pool is president of this bank; W. T. Marfield, cashier; F. Brenchley, manager of the foreign department.

HIBERNIA BANK AND TRUST COMPANY DIVIDEND

The Hibernia Bank and Trust Company of New Orleans has declared its fourth six per cent. quarterly dividend for the

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank

Baltimore, Md.

Capital & Surplus, $2,500,000 Resources, $22,380,000

WALDO NEWCOMER, President
SUMMERFIELD BALDWIN, Vice-President
PAUL A. SEEGER, Vice-Pres. CLINTON G. MORGAN, Vice-Pres.
JOSEPH W. LEFFLER, Cashier WILLIAM R. WEBB, Asst. Cash.

year 1919. This, with a ten per cent. extra dividend recently declared, brings the total distribution for the twelve months to thirty-four per cent.

The purpose of the ten per cent. special distribution from the bank's undivided profits was to provide the initial capital necessary for the formation of Hibernia Securities Company, Inc. This is an independent investment corporation, the common stock of which is owned and controlled by the shareholders of the Hibernia Bank and Trust Company.

Besides the payment of the regular quarterly dividend of six per cent. to all shareholders, the bank also declared the regular six per cent. quarterly dividend to employees of the institution, under a plan recently adopted whereby all members of the bank's personnel receive dividends upon their salaries, in consideration of the time, effort and service invested, just as stockholders receive dividends upon their invested capital.

The declaration of a thirty-four per cent. distribution for the year 1919, and twelve per cent. in extra compensation to employees, shows the substantial growth of the bank, and directly points out the general commercial, industrial, and financial development which New Orleans and the South are experiencing.

NEW ORLEANS CHRISTMAS BONUSES AND GIFTS

The banks of New Orleans have enjoyed a highly profitable season during the year 1919. In the majority of cases they have distributed liberal bonuses and Christmas gifts among their employees.

The Whitney-Central Bank, in addition to a regular twenty per cent. dividend, paid monthly to all employees, declared a present of three months' salary to its entire personnel as a Christmas present. Others also, including the Canal-Commercial, The Marine Bank and Trust Company, the Interstate Bank, Citizens Bank, and Pan-American Bank and Trust Company, likewise made liberal gifts.

The Hibernia Bank and Trust Company distributed a six per cent dividend on salaries. By a subscription among the employees a Christmas tree was placed in the lobby of the institution.

Note: This announcement was featured by us several weeks ago, but its importance and the wide field of buyers interested, have led us to repeat it. *Federal Adding Machine Corp'n.*

A National Experiment to Reduce Sales Expense—
In Which You May Participate

DO YOU realize that it has been costing you up to 45 per cent of the price of every adding machine you buy, just to be induced to buy it?

For years the established price of a 9-column adding and listing machine has been $300 or more. Nearly half of this represents selling expense, but the Federal Adding Machine Company is seeking to determine by means of a national economic experiment, whether this price cannot be greatly *reduced.*

We believe a great number of business men are convinced that adding machines are a necessity and are now ready to *buy* without having adding machines *sold* to them by expensive sales organizations.

Every business and financial house east of the Mississippi will receive through the mails within the next two weeks, an announcemement of the Federal experimental selling plan—*an offer of 1000 standard $300 Federal Adding Machines at $222.50.*

We are doing this in order to determine the actual selling cost, and to establish the future selling policy of this company.

The "serve-self" idea is gaining recognition in all lines of business. That is, the wise economy of cutting out all expensive "frills" in getting merchandise into the consumer's hands.

By being your own salesman, you can save in selling cost. When that cost in the past has run as high as 45 per cent, it means a *real* saving to you. This is the idea behind this experiment, which we believe meets the new conditions and business needs of the present time.

We would have no trouble marketing the Federal along the old sales lines for $300. It is the "last word" in adding machines. designed by the veteran adding machine designer and builder, Charles Wales, as the crowning result of his genius and experience. It is backed by a well-financed corporation, and is manufactured by one of the finest mechanical and engineering organizations in the country—Colt's Patent Fire Arms Mfg. Co., Hartford, Conn.

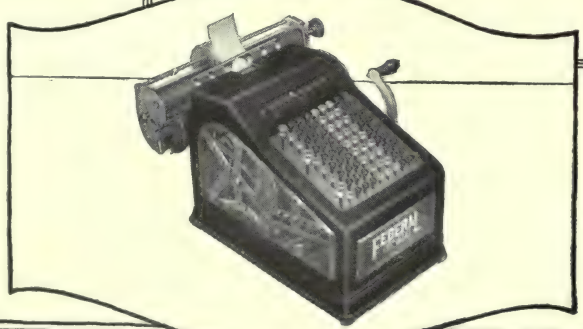
But we know that right now American business men are demanding that needless waste be eliminated in merchandising methods just as truly as in factory methods.

Are we right? You who use and need adding machines—would you rather BUY one for $222.50 or BE SOLD one for $300.

Federal Adding Machine Corp'n,
251 Fourth Avenue New York

In constant use for five years by some of the largest corporations in the East, including the Federal Government. Exacting tasks have proved its merit finally.

The Standard Federal "A" Adding and Listing Machine has nine column capacity, eight one keys; 13 inch carriage; roll-paper holder; flexible key-board; easy handle pull (motor equipment if desired). Only half as many parts in the Federal as in other standard machines. Stronger construction, standardized interchangable parts. Every item visible. Adding machine service guaranteed.



Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa and Missouri.

IN THE Middle Western States ther is found great agricultural wealth combined with varied manufacturing. Iron and zinc ores, lead, coal and oil are also valuable sources of production, while the dairy industry and the growing of animals for food form a notable part of the industrial activities of this region, which ranks among the richest in the country in food products.

As indicative of conditions in the grain trade, it may be stated that, according to the "Northwestern National Bank Review," receipts of wheat, corn, oats, barley, rye and flax at Minneapolis in 1919 were 199,500.000 bushels, against 224,550,000 bushels in 1918. A marked shortage of available freight cars has greatly restricted the grain movement.

It is reported by "Bradstreet's" that Minneapolis millers paid more than $250,000,000 to the farmers of the Northwest for their wheat crop last year. Minnesota iron ore shipments, estimated for the year at 35,000,000 tons, were not so large as for the preceding year, but provided $13,000,000 in taxes, while the royalties on state-owned mines may exceed $50,000,000. The authority just quoted says that the Northwest made wonderful progress in a financial way during the year, and bank resources were never so large. The year was the best in earnings and deposits the bank ever had. The growth of savings deposits was without parallel, and since July 1 showed an increase of more than 700 per cent. over the similar period of 1918. Higher prices account for part of the great financial record, but the price increase of 1919 over 1918 was small compared with the increased business.

A Chicago correspondent writes as follows of Middle West conditions:

"If you want to know the condition of business in the Middle West, you must take its pulse at Chicago. Within twelve hours' ride of Chicago live more than 50,000,000 people, more than half the population of the country, more than half its voters. Chicago to-day is, barring deterrents, approaching its most constructive and expansive era. This but reflects Middle West conditions. The Middle West is preparing for the greatest building period ever experienced. Agricultural conditions have for several years been flourishing and continue to flourish. Chicago bank clearings for 1919 totalling $29,685,973,091, were nearly four billion greater than for 1918, the previous high mark. Expansion of transactions on the Chicago Stock Exchange during the year is best expressed in the fact that memberships improved in price from $1,400 to $10,000. This does not reflect the general tendency of the prices of all things to advance but has been due to wider scope of Chicago Stock Exchange business. Not only has there been increased volume of trade, but many additional listings of meritorious and new securities. There has been newly attracted business in volume from throughout the Middle West because of the Stock Exchange's increased importance in respect to Middle West financial affairs.

"The merging of three of Chicago's large banks strengthens the financial position of the Middle West in respect to being able to handle 'at home' the larger financial transactions previously passed on to New York. It will also allow broader participations by Middle West bankers in the Middle West investment issues and financing. Bank deposits are largely increased throughout the territory.

"All is prosperous. Expectancy prevails for continued prosperity throughout the Middle West. But the healthy and prosperous conditions now being enjoyed in this great vital and growing section of the country do not obscure the fact that there are national and local problems as yet unsolved and upon which the eyes, energies and intelligent thought of the Middle West are being concentrated."

Some figures furnished to "Bradstreet's" thus outline conditions at St. Louis: Manufacturers and jobbers in shoes report a gross business for 1919 of $155,000,000; wholesale dry goods and kindred lines, $120,000,000; hardware, $75,000,000; clothing, $12,000,000; millinery, $12,000,000; drugs and proprietary medicines, $25,000,000, and heavy chemicals, $20,000,000. The

COMPLETE FACILITIES *and* PERSONAL SERVICE

THE Northern Trust Company-Bank has this to offer in representing the interests of out-of-town banks and business men generally:

The services of a complete banking institution, embracing departments of Banking, Bonds, Trusts and Savings.

This bank preserves a real personal interest in the financial affairs of its customers, thereby rendering a more helpful service.

THE NORTHERN TRUST CO.-BANK

N. W. CORNER LA SALLE & MONROE STS.

Capital and Surplus $5,000,000

profits on each of these lines were greater than in previous years. Production on farms was encouraging, products from Missouri in 1919 exceeding $500,000,000 in value. The outlook for the future is apparently good, yet many merchants are looking for breakers, feeling that the upward tendency of prices and present marvelous business cannot continue.

CHICAGO STOCK YARDS DISTRICT

William C. Cummings, president of the Drovers' National Bank, Chicago, in an interview with an Eastern publication, contributes the following statements of business conditions in the stock yards district of the midland metropolis.

The annual live stock show recently held at the Union Stock Yards, Chicago, was a remarkable illustration of the business centering about Chicago's great live stock market. The show of a year ago had been an epoch maker, and so great was interest in that event that special trains arrived from all parts of the country. This year five times as many special trains had been chartered. All these had been canceled because of the fuel shortage or the attendance would have been overwhelming. As it was, farmers, shippers, feeders and dealers rode in smoking cars and filled regular trains to standing capacity in order to reach this exposition.

Banking has led all other branches of business at the Yards in this. It is becoming highly specialized and intensively organized. The banking business of the live stock industry has developed more rapidly indeed than the business itself, for the very reason that the increases in live stock prices and operating costs have demanded a rapidly expanding volume of capital to finance shipments.

The stock yards district was never so prosperous as now. Savings accounts have increased beyond all expectations. The district "back of the Yards," pictured in popular fancy as a sort of no man's land of poverty and distress, houses thousands of well-dressed and well-fed workers. Live stock men report that conditions on the ranches were never better than at present. Crop conditions promise a continuance of this prosperity. One big drawback is the lack of proper shipping facili-

ties. Live stock shipments would have been much heavier in the past two months had cars been available. Many shippers took their animals to town only to find a shortage for them of cars and no immediate relief promised. In many instances, because of that, animals were driven back to the ranches to await an improvement in shipping conditions.

Those depending on the live stock industry for a livelihood appear to have yielded in less degree to extravagant impulses than the average. General business in the Stock Yards district is at the zenith. Every merchant is doing an extraordinary business in luxuries as well as essentials, and yet an uncommonly large proportion of excess income appears to be going into channels that will make it available as new capital. Savings accounts are more numerous and larger than ever before, and an unprecedented number are joining the ranks of new investors. Many are buying homes or making similar thrifty disposal of their incomes. Farmers and ranchers are not spending money prodigally. The money received for live stock is going back to interior banks for reinvestment in farms and ranches or regular mortgages.

The prospect of the live stock industry certainly and of all related business is particularly bright.

THE NATIONAL BANK OF COMMERCE IN ST. LOUIS

For the calendar year of 1919 net profits of the National Bank of Commerce in St. Louis, after deducting taxes, were in excess of $1,200,000—all derived from current operations. Of this sum $600,000 was paid out in dividends, $37,500 was credited to building construction account, and the remainder added to the surplus and profits fund.

The year's operation of the various departments is described as follows by President Lonsdale in his annual letter to the stockholders:

"Our savings department, now just two years old, has not abated during 1919 the phenomenal business-getting pace it set in its first year. Twelve thousand new accounts have been added, making a total of twenty-four thousand open savings accounts on our books. The aggregate of the balances on these accounts is now well above $3,000,000—and growing. It is admitted that one of the greatest needs of the world to-day, and especially of the United States, is thrift. Therefore, in building up our savings department we

First 1st Chicago

Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over $380,000,000

"Reasons Why" No. 6

Credit
Information

The credit files of this Bank have been quoted many times as among the most complete possessed by any bank in the country.

Our correspondents often find our service of great help in securing reliable credit information quickly and completely.

The NATIONAL CITY BANK
of CHICAGO

DAVID R. FORGAN, President

BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, Vice-President
S. P. JOHNSON, Assistant Cashier
HENRY MEYER, Assistant Cashier
R. V. KELLEY, Assistant Cashier

are doing work of an essentially constructive character. You can help: Send your friends here to open accounts.

"Our trust department was one of the first to be organized by national banks of the United States; and, though a great number of the largest institutions in the country have since taken similar action, our bank is still generally conceded, with respect to efficiency and equipment, to be a leader in the trust field. This is a department of our institution that not only deserves the support of those interested in our bank, but also absolutely requires such support if consistent progress is to be made; for virtually all trust business comes through the exercise of personal influence.

"Our bond department represents the latest addition to the constantly widening scope of commerce endeavor. A bond department is a natural ally of a savings department. For, after a person has built up a considerable fund by making savings deposits from time to time, he naturally seeks a more lucrative investment for his money. Thus the savings department develops business for the bond department, while at the same time providing funds for purchasing and carrying an ample supply of securities. We sell through our bond department only those securities in which we have such confidence that we have purchased them with our own funds. But the Commerce bond department is more than a selling organization: We render Service that is just as broad as the investment opportunities we are constantly presenting to the public. For example, Income Tax returns will be compiled for any one without charge, and an analysis of securities with reference to taxation, safety and convertibility will be prepared for any investor who seeks it.

"In our foreign department, the year now ending has been a busy and profitable one. We are equipped to render every service relating to the financing of imports and exports, and to deal in foreign exchange of all kinds."

NEW TRUST CONCERN OPENED IN MILWAUKEE

The First Wisconsin Company has opened for business in Milwaukee, Wis. This company is organized under the direction of the directors of the First Wis-



OUR twenty-nine years of specialized experience in the industrial and financial development of the Mississippi Valley and the Southwest is at your disposal.

As your St. Louis correspondent we can render you prompt and efficient service.

Seven Complete Departments

Mississippi Valley Trust Company

Member Federal Reserve System

Capital, Surplus and Profits over $8,000,000

SAINT LOUIS

consin National Bank and is to take over and conduct the bond business formerly conducted by the bank and the First Wisconsin Trust Company. The new company will engage in the general business of buying and selling investment securities and later may extend its activities to allied or similar financial matters.

The following officers and directors have been elected: President, Oliver C. Fuller; vice-presidents, Walter Kasten, H. O. Seymour, Robert W. Baird; secretary-treasurer, John C. Partridge; assistant secretary, George A. Patmythes; assistant treasurer, Hugh W. Grove; directors: O. C. Fuller, Robert W. Baird, John I. Beggs, Fred T. Goll, Walter Kasten, George P. Miller, Gustave Pabst, John C. Partridge, Ludington Patton, L. J. Petit, Charles F. Pfister, H. O. Seymour, Clement C. Smith, Henry M. Thompson, Fred Vogel, Jr.

THE FIRST NATIONAL BANK OF CHICAGO

Net profits for the year 1919 for the First National Bank of Chicago amounted to $2,410,490.02, $1,600,000 was appropriated for the payment of a twelve per cent. dividend and a special four per cent. dividend. A balance of $2,891,493.36 was carried forward. On January 2, 1920, the First National had total assets of $291,189,645.28 and deposits of $223,736,788.84.

The First Trust and Savings Bank, which is affiliated with the First National Bank, shows net profits for the year 1919 of $1,476,613.20. A twelve per cent. dividend of $600,000 was paid and $500,000 was transferred to surplus, leaving a balance to be carried forward of $771,720.52. On January 2, 1920, the total assets of the First Trust and Savings Bank were $95,660,362.09.

TRUST COMPANY CHARGES

J. A. House, chairman of the executive committee of the trust company section of the American Bankers Association, and president of the Guardian Savings and Trust Company, Cleveland, Ohio, has sent to all members of the section copy of schedule of trust company charges as compiled by the committee on standardization of forms and charges. Under the resolution adopted at the St. Louis convention members are "requested to give the schedules careful study and trial and recommend to the committee such changes and modifica-



On the Earth there are 1,750,000,000 People

And no one person is an exact duplicate, mentally or physically, of any other.

We certainly don't expect, then, in serving our 2000 bank correspondents, to find any two alike in their desires and requirements. So our service is adjusted accordingly — *individual* service for *individual* bankers.

The National Bank of Commerce

IN ST. LOUIS

Capital, Surplus and Profits over $14,000,000.00

tions as may seem advisable, to the end that the committee may make an additional or supplementary report at the next annual convention."

The booklets are being distributed from the office of the section in New York city, and Chairman House has requested all members to address the secretary of the section at 5 Nassau street, New York city, in connection with suggested modifications or changes.

NATIONAL BANK OF COMMERCE IN ST. LOUIS WINS $700,000 SUIT

The Missouri Supreme Court has affirmed a judgment for $700,000 against H. Clay Pierce, a local oil magnate, in favor of the National Bank of Commerce of St. Louis. The suit has been pending in court for more than five years, and the interest and costs aggregate about $50,000.

The suit involved 10,000 shares of the capital stock of the Nashville Terminal Company, which the bank claimed as collateral security for a loan of $700,000 advanced by the bank to the company. The bank contended that it had a lien on the stock as security for promissory notes amounting to $700,000.

Mr. Pierce asserted that the stock had never been pledged to the bank, and that if it had been pledged more than five years had elapsed and the bank had legally forfeited its claim on the stock as security. Pierce had possession of the stock.

The opinion by Judge Williams, concurred in by the other judges, held that the stock had clearly been pledged to the bank and that it had never surrendered its lien. Commenting upon the decision of the court John G. Lonsdale, president of the bank, gave out the following statement to the press:

"This suit against Mr. Pierce was prosecuted in keeping with the policy of the bank, definitely announced four years ago—that, in behalf of our stockholders, persistent efforts would be made by the management to collect through the courts all those sums considered justly due the bank, but which remain unpaid despite repeated requests for adjustment. Following this policy, the bank has already collected hundreds of thousands of dollars, and has in course of collection hundreds of thousands more.

Your Business In The Twin Cities



And throughout the Northwest—A network of 1900 Direct Correspondents means time saved in collecting your items on points in this prosperous agricultural community.

FIRST & SECURITY NATIONAL BANK

Capital and Surplus Ten Million Dollars

MINNEAPOLIS

"It is needless to say that I am highly gratified that the policy pursued by this bank has found approval by the highest court in our state. It is a stimulant to its further pursuit, which must appeal to all as fair and just."

LIBERTY TRUST AND SAVINGS BANK

At the annual stockholders' meeting of the Liberty Trust and Savings Bank, Chicago, held January 6, 1920, the following directors were elected:

Edward Morris, Benj. S. Mayer, Thornhill Broome, C. M. Macfarlane, L. H. Heymann, Charles Hollenbach, Walter M. Heymann, Adolph S. Helquist.

At the annual directors' meeting held January 8, 1920, the following officers were elected:

Walter M. Heymann, president; Adolph S. Helquist, vice-president; Jacob Landon, cashier; Louis A. Breskin, W. G. Dooley, assistant cashiers.

W. M. Heymann was reëlected president. A. S. Helquist, formerly cashier, was elected vice-president to take the place of Frank A. Alden, former vice-president, who was recently elected president of the Garfield Park State Bank. Jacob Landon, formerly assistant cashier, was elected cashier. Louis A. Breskin was reëlected assistant cashier. W. G. Dooley, who is the manager of the real estate loan department, was elected assistant cashier.

CITIZENS SAVINGS & TRUST CO. OF CLEVELAND

Allard Smith, for five years general manager of the Cleveland Telephone Company, has been elected a vice-president of The Citizens Savings and Trust Company. He became active in the bank January 1, but remains on the directorate of the telephone company.

Before going to Cleveland Mr. Smith was construction engineer for the Bell interests in the district embracing Ohio, Michigan, Indiana, Illinois and Wisconsin.



ALLARD SMITH
Vice-President Citizens Savings and Trust Company, Cleveland, Ohio

He has been identified with the Bell company since his graduation from the University of Wisconsin in 1898.

Mr. Smith was head of the Industrial Division of the Cleveland Liberty Loan organization, and served as vice-chairman during the Victory Loan campaign.

THE ST. LOUIS CHAPTER AMERICAN INSTITUTE OF BANKING

The St. Louis Chapter, after a period of war somnolence, has come to life. The membership, which in 1918 had sunk to one hundred and thirteen, is now nearly eight hundred.

Seven educational classes are being conducted in affiliation with Washington University. The curriculum embraces, in addition to the prescribed Institute subjects, a course in "public speaking and salesmanship" and one in "credits." Early in December all classes, which up to that time had been well attended, were forced to discontinue on account of the coal shortage. Work was resumed, however, on January 5, and a plan has been adopted to make up for lost time.

In view of the pronounced interest bank employees are taking in educational work, St. Louis Chapter should have a membership next year of twelve hundred or more.

JOINS NEW BUSINESS DEPARTMENT OF FIRST NATIONAL

E. A. Brooks of St. Louis, formerly Lieut.-Commander, U. S. Navy, in charge of the navy recruiting and demobilization work in St. Louis, has entered the employ of the First National Bank in St. Louis in connection with the new business department.

GOVERNMENT ATTITUDE TOWARD COMPETITION

Dr. W. F. Gephart, vice-president of the First National Bank in St. Louis, discussed "The Attitude of the Government Towards Competition, Monopoly and Coöperation," before members of the American Economic Association in Chicago, at the annual meeting, December 31. He presided at a session devoted to the subject.

Dr. Gephart said that the best a government can do towards competition, monopoly and coöperation in industrial society is to keep the law and its enforcement as nearly as possible in harmony with prevailing conditions and not attempt to give direction to that development leaving a large measure of freedom for experimentation and trial. He asserted that the complaint of the business interests of government interference is not without justification both because of the uncertainty of the law and also because of its contrast with industrial development.

NATIONAL-REPUBLIC INVESTMENT COMPANY

The National Bank of the Republic of Chicago had announced the organization of the National-Republic Investment Company with the following board of directors:

Benjamin V. Becker, William T. Fenton, Watkin W. Kneath, Silas J. Llewellyn, John A. Lynch, Robert M. McKinney, Samuel C. Scotten, Oscar H. Swan, F. Edson White.

The company will engage in the business of general corporate financing, underwriting and the distribution of preferred stock issues; also in all other legitimate financing.

The management will be in the hands of Watkin W. Kneath, third vice-president of the bank, now in charge of its Bond and Investment Department.

CLEVELAND FORMS AN ACCEPTANCE BODY

The Bankers and Trade Acceptance Council of the Cleveland Chamber of Commerce, affiliated with the American Acceptance Council, was formally organized on December 8th, 1919, at a luncheon in the Chamber of Commerce Building attended by fifty or more representatives of banks and industrial firms. C. N. Osborne, of the M. A. Hanna Co., presided, and the speakers were Mr. Osborne, David C. Wills, chairman of the board of the Federal Reserve Bank of Cleveland, and Robert H. Bean, executive secretary of the American Acceptance Council.

Articles of association and by-laws were adopted and an executive board, composed as follows, was elected: C. N. Osborne, D. H. Hobson, of Cleveland Trust Co.; W. B. Fish, of Printz-Biederman Co.; F. J. Zurlinden, of Federal Reserve Bank of Cleveland; H. K. Dexter, of Firestone Tire & Rubber Co.; Clifford E. Pearse, of Betts Pearce Co., and A. B. Marshall, of First National Bank of Cleveland.

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

THIS is primarily an agricultural section, the production of livestock also being a leading industry. Precious metals and valuable minerals and oil constitute important sources of wealth. As agricultural crops of nearly all kinds were at record figures of production and prices during the past year, the conditions throughout this territory as a whole are exceptionally prosperous. Manuf cturing being of secondary importance, there has been but little industrial disturbance on account of strikes, except in the case of miners and street railway operatives in some localities.

Colorado's wheat acreage last year was much the largest ever reported, and the total production was 15,978,606 bushels compared with a previous high record of 13,536,000 bushels in 1917.

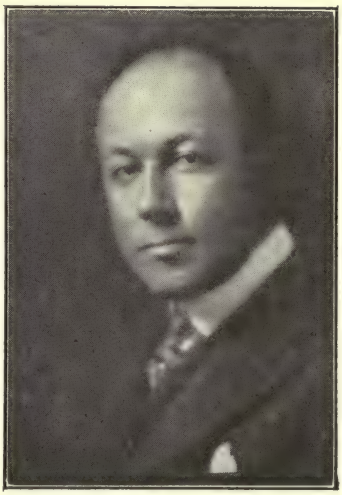
Kansas produced 146,109,102 bushels of wheat last year, surpassed only by the crop of 1914. As reported to "Bradstreet's," the State of Oklahoma produced crops of all kinds approximating $500,000,000 in value, and the oil fields of the state yielded a product valued at $200,000,000. The total production of the state in crops and minerals is estimated at close to $1,000,000,000 in value.

Merchants generally throughout this section report trade at unprecedented figures and the outlook for the early part of 1920 pointing to continued activity. Although prices continue to rule high, demand for goods is brisk.

L. S. CRITCHELL TO BE PRESIDENT OF KANSAS CITY BANK

The announcement is made that L. S. Critchell, assistant secretary of the Guaranty Trust Company of New York, has accepted the presidency of the Continental National Bank of Kansas City, Missouri. This institution was organized in July, 1919, with capital of $1,000,000 and surplus of $100,000. The new president expects to enter upon the duties of his new office immediately.

Mr. Critchell was born in the West in 1881 and gained his first banking experience in 1898 with the Metropolitan National Bank of Chicago. Later he became a member of the staff of the Drovers National Bank of Chicago, and thereafter was connected with the Swift and Tilden interests, which controlled that bank and others, for



L. S. CRITCHELL
Newly elected President Continental National Bank. of Kansas City

a number of years in various official capacities, including positions as cashier of the St. Joseph Stock Yards Bank, treasurer of the St. Joseph Cattle Loan Company, vice-president of the Live Stock National Bank of Sioux City, Iowa, and cashier of the First National Bank, Sioux City. In the fall of 1912 Mr. Critchell came East and joined the forces of the Guaranty Trust Company. He had been an officer of that institution since April, 1915. As such, he has been engaged in general banking activities and has devoted a portion of each year to the securing of new business throughout the country, thus gaining a large and valuable acquaintance with banking and commercial interests generally. He has been particularly interested in the Middle West-

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ern and Southwestern regions, where he has acquired a knowledge and experience which will be of particular value to him in his new connection.

COMMERCIAL STATE BANK, ABILENE, KANSAS

A change recently in the staff of the Commercial State Bank, Abilene, Kansas, makes C. D. Simmons cashier, and H. M. Howard, assistant cashier. The directors now are E. M. Funk, president; J. L. Kruger and H. B. Seelye, vice-presidents; F. W. Karl, J. G. Glatt, A. G. Whitehair and Cashier Simmons. The deposits of this bank are $175,000, the loans $200,000.

CHANGES IN COMMERCE BANKS

At the annual meeting of the boards of the Commerce Banks of Kansas City, Mo., the National Bank of Commerce and the Commerce Trust Company, W. T. Kemper was re-elected chairman of both boards and J. W. Perry and W. S. McLucas were elected respectively presidents of the National Bank of Commerce and the Commerce Trust Company. Mr. Kemper will continue as the active head of the two banks.

At the close of business December 31, 1919, The National Bank of Commerce showed total resources of $90,950,532.65 and total resources of the Commerce Trust Company were $49,162,355.54. Deposits of The National Bank of Commerce were $64,276,564.07 and deposits for the Commerce Trust Company were $39,736,440.17.

MIDWEST NATIONAL BANK AND TRUST COMPANY OF KANSAS CITY

The recent Clearing House report, showing the volume of clearings handled for the member banks as for December of this year in comparison with December of a year ago, finds the Midwest National Bank and Trust Company of Kansas City, to have made a gain of 167 per cent, which is the highest percentage of gain upon the part of any member bank for the year.

That bank also shows, for December 31, 1919, a gain of 50 per cent in country deposits and 130 per cent in city deposits over the showing of December 31, 1918.

The institution is just a trifle over three

The Omaha National Bank

OMAHA, NEBRASKA

Established 1866

Capital $1,000,000
Surplus (Earned) . . $1,000,000
Total Resources . . $43,000,000

J. H. Millard, President

Walter W. Head . . . . Vice-President
Ward M. Burgess . . . . . Vice-President
B. A. Wilcox . . . . . Vice-President
Frank Boyd . . . . . Vice-President
Ezra Millard . . . . . Cashier
O. T. Alvison . . . . Assistant Cashier
J. A. Changstrom . . . . Assistant Cashier
W. Dale Clark . . . . Assistant Cashier
Edward Neale . . . . . Assistant Cashier

Direct Transit Facilities

The result of years of effort to improve service to correspondent banks

years old, and it will be remembered that its capital was raised to the one million dollar mark only July 1, last

FEDERAL RESERVE BRANCH AT OKLAHOMA CITY

The Federal Reserve Board has authorized and directed the Federal Reserve Bank of Kansas City, to establish a branch office at Oklahoma City. The purpose of this is particularly, to expedite shipments of currency to and from member banks in the State of Oklahoma. Also to provide better facilities for intra-state clearing of checks. As set forth in the board's preliminary statement of November 3, the discount facilities which have been accorded by the Federal Reserve Bank of Kansas City, are regarded as ample.

The branch at Oklahoma City will be operated in accordance with the provisions of Section 3 of the Federal Reserve Act, under by-laws to be framed by the directors of the Federal Reserve Bank of Kansas City and approved by the Federal Reserve Board. There are to be five directors, three to be appointed by the Federal Reserve Bank of Kansas City, and two by the Federal Reserve Board. The board has recommended to the Federal Bank of Kansas City that the by-laws assign as territory for the Oklahoma City branch that portion of the State of Oklahoma which is not included in the Eleventh Federal Reserve District.

An outline of the powers and functions to be exercised by the branch as recommended by the board is, as follows:

The branch bank will receive deposits from member banks but will carry no deposit accounts. All amounts received on deposit will be transmitted daily by telegraph or otherwise, to the Federal Reserve Bank of Kansas City for credit to the accounts of the depositing banks, and each member bank in the territory assigned to the branch, wherever located, may, at its option, make remittances of currency and checks direct to the Federal Reserve Bank of Kansas City. The branch will carry no Government deposits, but will redeem Treasury certificates, pay Government checks, and will close out balances daily with the head office.

The branch will carry no earning assets; applications for loans or discounts from member banks and offers for sale of mail transfers, bankers' acceptances and bills

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New Home of the Commercial National Bank, Bozeman, Mont.

This new combination bank and office building now in course of erection will be centrally and conveniently located at the southeast corner of Main and Black streets. It will be of fireproof construction throughout, four stories in height, with a frontage on Main street of fifty-four feet and a depth of one hundred thirty-three feet.

There will be fifty-eight offices arranged singly or en suite with up-to-date lighting and heating fixtures and equipment.

All the offices will be outside rooms and will therefore have excellent natural light and ventilation.

The banking room of the Commercial National Bank will occupy the entire front of the ground floor extending to a depth of one hundred feet.

Tenants will find readily accessible first-class vaults, safe deposit boxes and banking facilities without leaving the building.

of exchange eligible for purchase by Federal Reserve Banks will be transmitted to the Federal Reserve Bank of Kansas City for final action. Immediate credit, however, may be given in cases where it becomes necessary for member banks to rediscount in order to meet clearing house debit balances, unexpected deficiencies in reserves, and any other case where quick arrangements are necessary, all actual rediscounting operations, however, to be made at the head office, interest being charged from the date the notes were received by the branch.

In cases where notes are secured by United States obligations, the branch may, by authority of the Federal Reserve Bank of Kansas City, hold the collateral and forward the notes to the parent bank with trust receipts showing the amount and nature of collateral held. Banks in the branch bank territory may deal directly with the parent bank. The principal functions to be exercised by the branch will be the clearing and collection of checks and the handling of shipments of currency to and from member banks in its territory. A private wire will be installed between Kansas City and Oklahoma City in order that the branch may telegraph daily to the parent bank the amounts of all items received for immediate credit or immediate debit to members or other Federal Reserve Banks, also amounts of currency deposited and the details of other transactions.

Under the plan adopted additional facilities are given without affecting the business of any member bank and without forcing collections into artificial channels. The board reserves the right to authorize the discontinuance of the branch at any time if its operation is found unsatisfactory.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska.

LEADING products of the Pacific States are gold, silver and various minerals, lumber, deciduous and citrus fruits, nuts and grains. The fisheries are also important sources of wealth. Principal ports are: Seattle, Tacoma, Portland, San Francisco, Los Angeles and San Diego. The chief inland city of this section is Salt Lake City. Having such a variety of valuable products, the states included in this region are, as a whole, less affected by the failure of a single crop or the depression in one line of industry than are some of the other sections where agriculture is almost the sole source of income to the people.

In the northwest the lumber industry was exceptionally active in the past year, though restricted by a lack of railway transportation.

According to "Bradstreet's" report, the Salmon pack of Puget Sound and Alaska was about thirty-five per cent short of the previous year, with prices from twenty to thirty per cent higher. The State of Washington, according to the same authority, produced a commercial crop of apples amounting to 25,000 cars, the largest on record. Peach and pear crops were twenty-five per cent heavier than a year ago. The fruit producing district generally is reported in better condition than ever before, enabling growers to liquidate mortgages and other indebtedness.

From the "Financial Letter" of the American National Bank of San Francisco, it appears that in nearly all lines of activity, business is reported good in San Francisco and the other cities of California. The tide of Eastern travel is probably greater than in any previous year. Both wholesale and retail trade is excellent, collections are better than fair, and considerable money is available for investment purposes.

The closing months of 1919, compared with the same period of 1918, showed large gains in San Francisco bank clearing, in building construction values and real estate sales.

JOHN CLAUSEN JOINS UNION NATIONAL

The Chemical National Bank of New York, has announced the resignation of John Clausen formerly vice-president, who is to go to Seattle, Wash., in January to join the staff of the Union National Bank. Mr. Clausen will serve as a director and vice-president of this bank to develop their overseas business.

John Clausen was born in 1876 and received his early education in Copenhagen, Denmark, coming to the United States in 1892. He became a citizen of the United States in 1898 and served in the United



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STRICTLY RELIABLE FURS

126 West 42nd Street **New York**

In The Great Northwest

Our new sixteen story building is now under construction, and will, upon completion in 1920, be one of the finest banking institutions on the Pacific Coast.

We recently increased our capital to One Million Dollars and our surplus to $250,000.

Our increase in deposits during the last two years is nearly $4,000,000.00.

Banking institutions, corporations or individuals having business transactions in the Northwest, will find this bank equipped to render the most efficient service.

Scandinavian American Bank

Pacific Avenue at Eleventh Street, Tacoma

States Army during the Spanish-American War. Mr. Clausen's banking career began in December, 1899, when he accepted a position with the North American Trust Company of New York, in the latter's branch at Matanzaz, Cuba. This institution was later absorbed by the Banco Nacional de Cuba, and he remained with them until April, 1905, during which period he occupied various positions with promotions from that of bookkeeper and cashier to branch-manager of their Matanzaz, Cardenas, Manzanillo, Santiago de Cuba and Havana offices.



JOHN CLAUSEN
Vice-President and Director Union National Bank.
Seattle, Wash.

In June, 1906, he accepted a position as assistant manager of The International Banking Corporation at their branch in Mexico City, remaining with that institution until May 1, 1907, when he resigned to accept a position as manager of the Mexico City Banking Company, Mexico City, leaving them on January 1, 1910.

On June 30, 1910, he took over the man-

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agement of the foreign department of the Crocker National Bank of San Francisco. In March, 1917, he was elected vice-president by the board of directors of the Crocker National Bank, and continued his service with that institution until December, 1918, when he joined The Chemical National Bank as vice-president.

Mr. Clausen served as a member of the Committee of Fifteen appointed by the Commissioner of Education, Department of the Interior, to study the question of educational preparation for foreign service in secondary schools, colleges and universities of the United States and other nations. In October, 1918, he was appointed by the department of the Interior as Special Collaborator in the Bureau of Education to assist in the survey of business needs and school opportunities for training for foreign service.

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BANK OF ITALY, SAN FRANCISCO

The following appointments have been made in the Bank of Italy, San Francisco: W. W. Douglas and L. M. MacDonald, assistants to the president; J. C. Lipman, assistant secretary.

Mr. Douglas has been connected with the bank for the past ten years, occupying first the position of manager, Market Street Branch, San Francisco, afterwards assistant cashier and assistant secretary. Mr. MacDonald first came to the Bank of Italy as manager of its Livermore Branch, and later manager of the Market Street Branch, San Francisco. Mr. Lipman has occupied the positions successively of teller, assistant cashier and assistant manager of the credit department.

At the December meeting of the board of directors, the dividend on the Bank of Italy stock was increased from 7½ per cent to 10 per cent per annum.

MARWICK MITCHELL APPOINTS RESIDENT PARTNER

The growth of the Pacific Coast business of Marwick Mitchell & Co., accountants and auditors, New York, now requires the continuous attention of a resident partner Albert J. Watson, C. P. H. Mr. Watson was formerly manager of the firm's office at Kansas City. He will hereafter make his headquarters at San Francisco.

Canada

THE 1919 field crops of the Dominion set a new record in values touching $1,452,787,900, which is the preliminary estimate. This is $85,000,000 in excess of the 1918 figures and $8,000,000 over the previous record in 1917.

In trade the results during the year were satisfactory, and the final figures, both for the internal and external trade, will show a considerable increase over those for 1918. Railway earnings, bank clearings, bank deposits and loans also reflect a period of prosperity.

External trade will, for the calendar year, show an increase over that for 1918. The exports are estimated at $1,240,000,000 and the imports at $931,000,000. When it is considered that the high mark reached during the preceding year was maintained in spite of the loss of $200,000,000 worth of munitions shipments, through the ending of the war, and in the falling off of millions of dollars' worth of other war exports—this is regarded as a satisfactory showing.

The rate of international exchange was heavily against Canada during the latter part of the year, New York funds having been quoted as high as 11 per cent. The United States supplies eighty-nine per cent of Canada's total imports, but takes out only 37 per cent of Canada's exports. One sided as this statement is, the Dominion having a favorable trade balance of about $350,000,000 on the year's operations, would have had no trouble in making settlement in the United States, were it not for Great Britain's inability to make settlements with her. But these large balances against Canada are decreasing. During the fiscal year 1918-19, they were reduced $81,000,000 and there is still a strong tendency in that direction.

In finance Canada's most notable achievement of the year was the Third Victory Loan campaign which was oversubscribed some 100 per cent. All things considered, it was the most successful of the six loans floated in the Dominion during the war period; for while the amount subscribed was possibly $11,000,000 below that in 1918, it was raised on a taxable issue, whereas the others were non-taxable ones. Not a dollar of this huge sum was subscribed by the banks.

The year 1919 established a record for investments of American capital in Canada. The best available information on the subject shows a total increase of approximately $320,000,000. Funding operations represented $100,000,000, leaving the amount of new capital of about $200,000,000. Probably about $210,000,000 of the total went into loans and securities of one kind or another. Investments in industrial concerns represent another $60,000,000. The total investment of American capital in the Do-

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Sir AUGUSTUS M. NANTON, *Winnipeg* } *Vice-Presidents*

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R. J. CHRISTIE	*Toronto*	R. S. McLAUGHLIN	*Oshawa*
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H. W. HUTCHINSON	*Winnipeg*	H. H. WILLIAMS	*Toronto*

CLARENCE A. BOGERT, *General Manager*

Condensed Statement as at 31st, December 1919

LIABILITIES

Deposits by the Public	$111,414,057.55
Due to other Banks	1,852,867.38
Due to Dominion Government	5,000,000.00
Notes in Circulation	9,525,809.00
Sundry Liabilities	1,972,389.84
TOTAL PUBLIC LIABILITIES	$129,765,123.77
Capital	6,000,000.00
Reserve Fund and Undivided Profits	7,739,796.05
	$143,504,919.82

ASSETS

Cash on Hand	$17,824,568.69
Deposit with Central Gold Reserves	4,100,000.00
Due by other Banks	9,978,570.91
Government Securities	21,137,764.00
Other Investments	2,982,957.45
Call and Short Loans	14,051,518.50
TOTAL QUICK ASSETS	$70,075,370.55
Commercial Loans	66,521,304.15
Bank Premises	5,407,180.30
Sundry Assets	1,501,055.82
	$143,504,919.82

Branches and Correspondents throughout Canada

London, Eng., Branch
73 Cornhill E. C. 3
S. L. JONES, Manager

New York Agency
51 Broadway,
C. S. HOWARD, *Agent*

minion is now placed at approximately $1,600,000, as compared with somewhat over $600,000,000 in 1913. Of this possibly $325,000,000 is represented in industrial plants.

THE BANK OF TORONTO

Net profits for the Bank of Toronto for the year ending November 29, 1919, were $1,011,359.09. Of this sum $600,000 was appropriated for dividends; $100,000 was reserved for Federal Tax; $25,000 was transferred to Officers' Pension Fund; $18,000 was charged to Y. M. C. A., Navy League and other subscriptions, and $100,000 was written off bank premises. The sum of $793,983.03 was carried forward to next year. This bank has total assets of $109,285,118.55.

THE MOLSONS BANK, MONTREAL

The following is a condensed statement of the report of The Molsons Bank, Montreal, of date September 30, 1919.

Liabilities: Capital stock paid in, $4,000,000; reserve fund, $5,000,000; notes in circulation, $7,015,344; due Dominion Government $12,423,185; deposits bearing interest, $51,689,483; not bearing interest, $11,830,422; total $63,519,905; balance due banks and correspondents in the U. K. and foreign, $1,375,206.

Assets: Coin and Dominion notes, $5,855,108; deposit Central Gold Reserves, $2,500,000; checks on other banks, $4,346,475; balances due from banks outside of Canada, $2,106,679; Dominion and provincial government securities, $13,562,072; Canadian Municipal and British, Foreign and Colonial public securities, $9,781,573; railway and other bonds and stocks, $1,054,532; call and short loans, $7,618,187; other current loans and discounts, $43,848,428; bank premises, $2,525,000; total assets, $94,513,102.

The net profits for the year were $818,802. Dividends were paid from this to the amount of $470,000 and $200,000 was transferred to the Reserve Fund. The rate of dividend was increased to 12 per cent per annum, dating from Jan. 1, 1919. The increase of deposits shown for the year was upwards of $12,000,000. Branches and sub agencies were opened in Ontario and Quebec to the number of 19. This makes 115 in the various provinces. The bank was incorporated in 1855; Wm. Molson MacPherson is president and Edward C. Pratt, general manager.

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Said Mr. Pratt at the annual meeting, addressing the shareholders: "The business of the bank during the last year was the largest in its history. It is due to the growth of the country. It was an abnormal growth due likewise to abnormal conditions. However, the affairs of the bank are in excellent shape and we look forward to at least as good a record during the coming year.

ANOTHER SOUTH AMERICAN BRANCH

The Royal Bank of Canada which has a New York Agency at 68 William St., announces the opening of a branch at Montevideo, Uruguay, with correspondents throughout that country.

NEW BRANCH, BANK OF TORONTO

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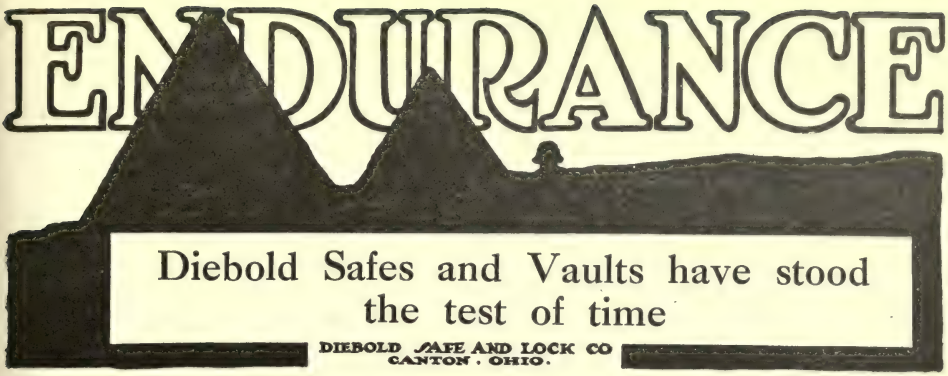
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ROYAL BANK OF CANADA IN 1919

The annual report of the Royal Bank of Canada for 1919, shows a gain in assets that year of more than $100,000,000. The total now is $553,647,000, of which total $273,909,000 liquid assets as compared with $224,982,000 the year before. Loans and discounts increased during the year from $119,185,000 to $143,250,500. The gain in deposits during the same time was $80,000,000. Of the total deposits ($419,121,000), some $259,465,000 bear interest as compared with $197,348,000 the year before. Deposits not bearing interest totalled $159,656,000 as compared with $135,243,000 in 1918.

Should Banks Charge for Credit Information

THE following is taken from a recent number of the *Credit Men's Bulletin*:

The San Francisco association has protested against the attitude of banks in certain cities of California toward requests for credit information. Some of these banks in response to credit information are sending out the following notices:

"We are returning herewith your request for credit information and wish to call your attention to the following resolution passed by the Blank Clearing House Association: 'Resolved that requests for credit information will have prompt attention provided same are accompanied by a fee of 25 cents in advance.' Upon receipt of above fee we will furnish such information as we have, which we believe to be reliable, but for which we assume no liability whatsoever."

The San Francisco association takes the stand that this is uneconomic and indicates a complete lack of understanding of the credit system. That banks following such a rule are violating the principles of coöperation and failing to take account of their own dependence upon the experience of mercantile credit departments, which departments never have attempted to charge banks for their information but have always furnished it freely and concisely.

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BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-FOURTH YEAR FEBRUARY 1920 VOLUME C, NO. 2

Ruin of the Great War

GRADUALLY the statisticians are beginning to compile and to express in figures the results of the great war in the loss of life and property. One of the most comprehensive and at the same time the most appalling of these compilations is that made by Professor E. L. Bogart of the University of Illinois, entitled "Direct and Indirect Cost of the Great War." To put the matter bluntly, Professor Bogart finds that the direct and indirect costs of the great struggle foot up $337,946,179,657, that the loss of life was 9,998,771, and a grand total of over thirty-six million of dead, wounded and captured.

While the details of these figures may be subject to later revision, in the light of further information, they are of sufficient present significance to warrant placing them on record. Here are the estimates of the monetary losses:

Direct costs	$186,333,637,097
Capitalized value of human life.	
Soldiers	33,551,276,280
Civilians	33,551,276,280
Property losses.	
On land	29,960,000,000
Shipping and cargo	6,800,000,000
Loss of production	45,000,000,000
War relief	1,000,000,000
Loss to neutrals	1,750,000,000
Grand total	$337,946,179,657

Professor Bogart points out that the loss of civilian life due directly to the war or to causes induced by the war equals, if it does not exceed, that suffered by the armies in the field. Spanish influenza, the responsibility for which has been laid to the war, is supposed to have killed 6,000,000, including 1,250,000 in the United

States. Four million Armenians, Syrians, Jews and Greeks are believed to have been massacred. A census of 1919 reported the reduction of the male population of Macedonia from 175,000 to 42,500; of Thrace from 494,000 to 225,000. In Serbia and Austria famine and disease took the lives of nearly a million. In Russia 2,000,000 civilians died before their time. In Poland one-third of the youngest generation disappeared. In Germany malnutrition's death toll is figured at 812,000. So the compiler of the work at hand feels justified in saying that one civilian died for every dead soldier; "and yet this does not take into account the appalling effects, some of them unquestionably permanent, of war, famine, pestilence and disease on the sufferers who did not die."

The valuation placed on the lives sacrificed is based on the figures of the French actuary M. Barriol, who ten years ago estimated the average social value of an individual life in the six leading countries to be:

United States	$4,720
England	4,140
Germany	3,380
France	2,900
Austria-Hungary	2,720
Russia	2,020

Net cost of the war for the countries named stands thus:

	Net cast.
United States	$22,625,252,843
Great Britain	35,334,000,000
Rest of British Empire	4,493,813,072
France	24,312,782,800
Russia	22,593,950,000
Italy	12,413,998,000
Other Entente Allies	3,963,867,914
Total	$125,690,476,497
Germany	37,775,000,000
Austria-Hungary	20,622,960,600
Turkey and Bulgaria	2,245,200,000
Total	$60,643,160,600
Grand total	186,333,637,097

In known dead the aggregate reaches nearly ten millions, distributed among the countries named as follows:

United States	107,284
British Empire	807,451
France	1,427,800
Russia	2,762,064
Italy	507,160
Belgium	267,000
Serbia	707,343
Rumania	339,117
Greece	15,000
Portugal	4,000
Japan	300
Total	6,938,519
Germany	1,611,104
Austria-Hungary	911,000
Turkey	436,924
Bulgaria	101,224
Total	3,060,252
Grand total	9,998,771

Besides this stupendous total of those known to have been killed, there were 6,295,512 cases of those seriously wounded, 14,002,039 otherwise wounded, and 5,983,600 taken prisoners or reported missing.

These are some of the losses of the war which can be calculated by the statistician, and they are stupendous enough to give the world a solemn pause before we again plunge madly into a contest for supremacy in military and naval armaments, or seek to monopolize foreign trade.

The world may never find the path of peaceful development, but how can anyone who studies the above record deny that it is deserving of an eternal and patient search?



The Dangerous Growth of Paper Money

IN a very carefully prepared article appearing in "The Americas," Dr. O. P. Austin, statistician of the National City Bank of New York, points out the alarming growth in the volume of paper money throughout the world. How striking has been the change in the amount of paper in circulation and in the proportion of gold held may be seen in the following statement:

"The paper currency of thirty principal countries of the world at the beginning of the war aggregated a little over seven billion

dollars: at the end of the war, November, 1918, it was about forty billion dollars, and in December, 1919, it totaled fifty-one billions, these figures being of course in very round terms, and exclusive of the currency issues of the Bolsheviki Government, which alone are estimated at thirty-four billion dollars. The gold reserves of the thirty countries in question aggregated in 1914 a little less than five billion dollars; in 1918, a little over seven billions, and in 1919, slightly below the seven billion dollar line. The ratio of gold reserve to outstanding notes in the thirty countries in question was, in 1914, 70 per cent; by 1918, it had dropped to 18.4 per cent, and in December, 1919, was 13.7 per cent.

"The world paper currency at the date of the Armistice was more than five times as great as at the beginning of the war, and one year later, December, 1919, was seven times as much as at the beginning of the war. The actual increase during the year succeeding the Armistice was over ten billion dollars, or a twenty-five per cent. increase over that existing at the end of hostilites. The paper currency of the thirty countries, for which details are available, is seven times as much as at the beginning of the war, while the gold in the countries in question has increased less than fifty per cent. meantime. As a consequence, the ratio of gold to paper has fallen from seventy per cent. to 13.7 per cent.

"The Central Powers, Germany, Austria-Hungary, Bulgaria and Turkey, had at the beginning of the war about $600,000,000 of gold and $1,200,000,000 of paper; at its termination they had $686,000,000 of gold and $12,305,000,000 of paper, while at this date, a little over one year after the Armistice, their gold had fallen to $327,000,000 and their paper circulation advanced to $18,771,000,000. Their ratio of gold to notes was at the beginning of the war 49.7 per cent., at the end of the war 5.5 per cent., and at the present time 1.7 per cent.

"The Allies taken as a group, which began the war with $3,763,000,000 of gold and $4,900,000,000 of paper, had at its termination $5,217,000,000 of gold and $25,000,000,000 of paper, and at the present time $5,071,000,000 of gold and $29,600,000,000 of paper. The ratio of gold to notes was at the beginning of the war 76.6 per cent., at its termination 20.9 per cent. and at the present time 17.1 per cent.

"Still another enlargement of the world's circulating media is the increase in world national indebtedness, for of course the bonds and other governmental promises to pay, while not a legal tender, do form in nearly all cases a more slowly moving mass of currency, since they are available at at least their market value for use in many business transactions or as a basis for loans in banks and other financial institutions. In fact, world indebtedness increased in

nearly as great proportion as world currency, the total of world national debts having advanced from about $40,000,000,000 at the beginning of 1914 to about $260,000,000,000 at the present time.

"During all this period, in which world paper currency was advancing from a little over $7,000,000,000 to approximately $51,000,000,000, the national indebtedness, represented by bonds and other promises to pay, from $40,000,000,000 to $260,000,000,000, and bank deposits and the use of bank checks showing a corresponding increase, the gold production has declined, dropping from $460,000,000 a year at the beginning of the war to about $350,000,000 in 1919, while the proportionate use of the newly mined gold, which is being demanded in the arts and sciences, is probably greater and the quantity available as a basis for currency therefore showing a comparatively small growth during the war. The quantity of 'gold reserve' standing behind the paper currency of the world has increased less than $2,000,000,000 since the beginning of the war, while the face value of the paper increased about $43,000,000,000, and the evidences of outstanding national indebtedness increased $220,000,000,000, to say nothing of the great increase in circulating media due to increase in bank deposits and consequent use of checks, drafts and other paper of this character."

It would hardly be possible to add anything to the impressiveness of these figures and the statements accompanying them. They tell their own story. There may be for this country, however, a warning in the fact that while in July, 1914, our paper circulation was represented by 99.6 per cent of gold, this percentage had declined by December, 1919, to 52.3. That this is comparatively favorable may be seen from the fact that in the same time the percentage of all belligerents for which data were secured declined from 71.3 to 11.2.

It must not be lost sight of, though, that even with the large "favorable" trade balance the United States is losing gold. This would not be the case but for the gold embargo in Europe. But under existing conditions we are losing gold to South America and the Orient. Our net exports of gold in 1919 amounted to $291,000,000, and quite lately there has been a heavy outward movement. We need to watch narrowly the result of displacing actual gold as required bank reserves to be kept in the bank's vaults, and what may be the effect upon our ability to retain gold since we have, for the purpose of state bank reserves, practically rendered the Federal Reserve notes equal to legal tender money. The power of the less valuable money to expel the more valuable was long since noted and formulated into an economic law.

Large Profits of the Federal Reserve Banks

BANKERS who, under the threat of extinction, contributed the capital and other funds to establish and to operate the Government Federal Reserve Banks are beginning to look with longing eyes on the very large profits which those institutions are making. It is estimated that these banks are now earning around 100 per cent on their capital. Of course, the capital of these banks is much less than the reserve funds which they hold for member banks. It will be recalled that the capital and reserves were both contributed by the member banks. Perhaps it would be more exact to say that these funds were given up to the Federal Reserve Banks under threat of forfeiture of charters of the national banks.

The Federal Reserve Banks make their money chiefly through rediscounting the paper of member banks. So far as this rediscounting is done for the purpose of furnishing currency to a member bank it is a wholly useless tax on the business of the country, because if the commercial paper is good enough to serve as a basis for Federal Reserve notes it is good enough to secure the member bank's own notes. The rediscount of commercial paper for the purpose of replenishing the reserve of a member bank is a different matter.

Not without reason the member banks are wondering why the Federal Reserve Banks, if they are making such large profits, do not divide up with the members in the shape of interest allowed on the commandeered reserves of the member banks. The latter were forced to give up their reserves to the Federal Reserve Banks and to furnish the capital for these Government institutions. All they get is six per cent. on their "contributions" to the capital account. They get no interest on the reserves, taken away from the local communities and placed in the Federal Reserve Banks, to be used as and where the Federal Reserve Board may see fit. True enough, the member banks are allowed to borrow back some of the reserves they have put up, paying the prevailing rediscount rate for the privilege.

The large profits the Federal Reserve Banks are now earning do not look well at a time when profiteering is regarded with such disfavor, for it must be remembered that after meeting the surplus fund requirements, all but six per cent. of the earnings goes to the Government. Quite naturally, the member banks would like to get a slice of this 100 per cent. melon. They are, no doubt, under the circumstances, entitled to it, for the earnings are all made out of their money. But why should such profits be made at all? What justice is there in taking from the people of the country any such

sums as these profits imply? In seeking to make profiteering odious the duty of setting a good example rests upon the Government of the United States.



The Pan American Financial Conference

PERHAPS the most definite result of the Second Pan American Financial Conference, held at Washington in January, was found in the opportunity afforded for learning the views of leading Latin American financiers and business men as to the present world situation especially as it refers to the United States and to the countries of Central and South America. Although the conference developed the fact that some of the southern countries would be glad to place loans in the United States for internal development purposes, the demand for such loans seems neither general nor insistent.

An interesting proposal was made at the conference for transferring to the United States a part of the South American loans held in Europe, the transfer to be effected by loans made by the United States to the Latin American countries, thus enabling the latter to pay off their European debts. As the South and Central American lands produce food and raw materials in abundance, and as these are now greatly needed in Europe, the suggestion would seem to afford a means of supplying some of the urgent requirements of Great Britain and France. As the Latin American nations generally are in a favorable situation with respect to their credit, bankers and investors in the United States would probably be ready to take up the new obligations.

But the matter may not be so easy to dispose of offhand as the foregoing observations assume. There is another extremely important element that must be taken into consideration, namely, the attitude of Great Britain and France toward the proposal to part with their Latin American securities. Financial power is something not readily relinquished, and on the score of pride alone the European countries holding large amounts of South and Central American securities may be expected to keep rather a tight grip on them. Furthermore, these investments constitute a source of income which the European countries very much need. The only question is as to whether Europe's needs are such as to justify the calling in of this capital for use at home. If loans in a large enough volume from the United States could be counted on, the parting with these securities might be obviated. But of this there is no certainty. On the ground of security for the investment of United States capital it is not too much to say that under present conditions most of the

countries of South and Central America offer a more inviting field than most of the countries of Europe. It may with considerable justice be urged that this is a somewhat close and narrow view to take of the matter. But such precisely is the view which the money market is likely to take. In the negotiation of government loans patriotism stops at the three-mile limit, and while some international loans may be made on the basis of sympathy, in the long run such loans have to depend for their success upon the security and the yield.

But there are some considerations of a broader character which apply to the proposal in question. Would it not afford a practicable method of making indirect advances to Europe, and at the same time place at the disposal of the stricken countries in that part of the world the food and raw materials they so much need? Would it not be, in other words, the best way to aid Europe?

In some cases, doubtless, the South and Central American countries would be pleased on political and economic grounds to make an arrangement of the character indicated, though this is by no means universally true, for several of these countries have long maintained very close relations with Europe.

There seems to be considerable reluctance on the part of American financiers about going heavily into the European investment market. Should the opportunity be offered us to take over a considerable portion of the South and Central American securities now held in Europe, we could hardly decline to do so, since we have long professed to have special economic and political interest in the southern countries. This profession may be put to a very practical test in the near future should Europe offer to transfer her Latin American securities to the United States.

American Treasury Policy Toward an International Financial Conference

ONE of the last acts of Secretary Glass before leaving his post at the head of the Treasury Department to take a seat in the United States Senate was to write a letter to Homer Ferguson, president of the Chamber of Commerce of the United States, in regard to an international financial conference which has been proposed to assemble under the auspices of that organization. Secretary Glass makes the following comment on the matter as summarized in the "Washington Post" and published in the "Congressional Record":

"If the Chamber of Commerce of the United States considers it advisable and desirable to designate representatives to attend an

unofficial conference, the Treasury Department does not offer objection, provided the scope and character and limitations of such a conference, as well as the impossibility of United States Government action, are clearly understood. But there are numerous suggestions contained in the memorial sent broadcast by the leaders which are clearly not appropriate for consideration, such as cancellation of some or any obligations of foreign governments held by the United States, or even the deferring of obligations of foreign governments to liens created in favor of loans hereafter made for reconstruction purposes.

"Mr. Glass directs attention to differences which he discovered in the formal call for the conference as issued here and in several foreign countries. The memorials circulated in Europe, Mr. Glass said, apparently advocated further governmental financial assistance and requested the respective governments to designate representatives to those international meetings, which thus would accord it an official character. This, however, was omitted from the document circulated in the United States and made public in New York January 14.

"The situation facing Europe is one to be solved by the activity of those nations and their nationals and not for settlement by any world-wide plan such as the proposed international conferences contemplated.

"From the moment of the cessation of hostilities the Treasury of the United States has pursued a policy of looking toward the restoration as promptly as possible of normal economic conditions, the removal of governmental controls and interferences, and the restoration of individual initiative and free competition in business. The Treasury long since, with the coöperation of the Federal Reserve Board, removed the embargo on the export of gold, thus enabling American citizens and, indeed, the nations of the world, to the extent that they find credit here, to finance their purchases throughout the world in cash.

"Rightly or wrongly a different policy has been pursued in Europe. European governments have maintained since the cessation of hostilities embargoes upon the export of gold. The rectification of the exchange now adverse to Europe lies primarily in the hands of European governments.

"The normal method of meeting an adverse international balance is to ship gold. The refusal to ship gold prevents the rectification of an adverse exchange. The need of gold embargoes lies in the expanded currency and credit structure of Europe. Relief would be found in disarmament, resumption of industrial life and activity, and the imposition of adequate taxes and the issue of adequate domestic loans.

"The American people should not, in my opinion, be called upon

to finance, and would not, in my opinion, respond to a demand that they finance the requirements of Europe in so far as they result from the failure to take these necessary steps for the rehabilitation of credit.

"Mr. Glass characterized as 'impracticable' international bond issues, guaranties, and international measures for stabilization of exchange which were to be taken up at the conference. Such plans never would prove workable, he believed, so long as there exist inequalities in taxation and differences in the fiscal policies of the countries involved. When these inequalities and differences no longer exist, reasons for the international measures also will have vanished, he asserted.

"It would be 'folly and unthinkable' to call upon the American people to remedy the present inequalities in exchange. These inequalities, means for alleviation of which formed one of the principal bases for the conference, were born of a policy of taxation less drastic in the European nations than here, Mr. Glass said.

"The remedy for the situation is to be found not in the manufacture of bank credit in the United States for the movement of exports. This process already has proceeded too far. The remedy lies in the actual movement of goods, of investment securities, and, in default of goods or securities, then in gold from Europe; and in order that such securities may be absorbed by investors our people must consume less; they must work and save.

"Relative to the solution of the exchange puzzle, Mr. Glass warned that this country could not continue to extend credits on a sufficient scale to cover the present swollen trade balances while paying cash (gold and silver. to Latin American and Far Eastern traders. What the European nations need now, Mr. Glass explained, is 'working capital rather than so much bank credit.' Then as a solution for the intricate situation—and with which it is mentioned incidentally the proposed conference would be able to do nothing more than discuss—Mr. Glass offers the following:

"If the peoples and governments of Europe live within their incomes, increase their production as much as possible, and limit their imports to actual necessities, foreign credits to cover adverse balances would most probably be supplied by private investors and the demand to resort to such impracticable methods as government loans and bank credits would cease.

"There is no more logical or practical step toward solving their own reconstruction problems than for the Allies to give value to their indemnity claims against Germany by reducing those claims to a determinate amount which Germany may be reasonably expected to pay, and then for Germany to issue obligations for such amount and be set free to work it out. This would increase Germany's capacity to pay, restore confidence, and improve the trade

and commerce of the world. The maintenance of claims, which can not be paid, causes apprehension and serves no useful purpose.

"The American Government has done all that it believes advisable and practicable to aid Europe, Mr. Glass said. He pointed out that since the armistice was signed the Treasury has made direct cash advances of $2,380,891,000 to the allied governments; it has made available $736,481,000 to those governments through the purchase of their currencies in covering our expenditures in Europe; it has sold through the Army and Navy approximately $685,000,000 in supplies on credit, and has extended approximately $100,000,000 in relief. In addition, he explained, there has been allowed to accrue unpaid interest aggregating $324,211,000.

"Accrued interest on loans to European countries totals approximately $325,000,000, according to a table submitted to the Ways and Means Committee by the Treasury Department, which plans to defer collection for a few years, pending reconstruction. Great Britain owes the most interest, the total on loans to that country being $144,440,837. Interest owed by other countries is: France, $94,021,740; Italy, $54,256,589; Russia, $16,832,662; Belgium, $11,465,278; Czechoslovakia, $1,667,083; Serbia, $917,299; Roumania, $609,873; and Liberia, $548."

From this statement one may discern that the Treasury policy as formulated by Secretary Glass does not look to further European financing by the Government of the United States, nor does it contemplate the subrogating of our interest in present loans to others hereafter to be made for reconstruction purposes. If Europe will bring expenditures within more reasonable limitations, and will impose the taxes which the exigencies of the situation calls for, loans of a long-time character may be secured here, provided our people work and save so that they can buy the securities so offered. If reports are to be credited, there is still a great deal of extravagance on the other side of the ocean as well as here, and a corresponding dislike of correcting this tendency.

The underlying principle contained in the letter of Secretary Glass would seem to be that of an unwillingness to lend further financial help to Europe until Europe shows more of a disposition to help herself. Fortunately many points of financial and commercial contact between merchants and bankers in the United States and the various countries of Europe have not been closed by the war, and through these business will still continue—if not as before, at least to an extent that offers hope for the untangling of the present situation over a long period of time.

It would be unfortunate if the letter of the Secretary of the Treasury should, from its very candor, cause irritation among our European friends; but it would be still more unfortunate to allow

our bankers to participate in an international financial conference in a way that would give rise to expectations of financial assistance to Europe on a scale which we do not intend to render.

Government by the People

THERE have been those who were seemingly under the impression that ours is a government by the people. Lincoln evidently thought so when he declared in his Gettysburg speech "That government of the people, for the people and by the people might not perish from the earth;" so did Grant when he declared in one of his messages that "This is a country where the will of the people is the law of the land." It's all fol-de-rol according to a speech made a short time ago in the Senate by Hon. John Sharp Williams of Mississippi. Here's how he explodes this ancient myth:

"Mr. President, in the first place there never was a government by the people—there never has been and there never will be. There is a government by the representatives of the people, and the people are trusted to choose representatives. Outside of the remote Greek and Italian cities—the Greek cities in ancient times and the Italian cities in the Middle Ages—there never was any government that pretended to be a government by the people. There have been governments for the people and of the people by the representatives of the people, and that is the sort of Government we are. All the fol-de-rol talk about a government by the people—by Jim and Sam and Dick and Peter and John—is absolute foolishness. It never occurred outside of a little city, and it never will occur, even inside of an American state—not even in Delaware or Rhode Island, where you can cross the border in three jumps. So much for that."

Nevertheless there are few elected representatives of the people who do not keep an ear closely to the ground in an endeavor to hear what Jim, Sam, Dick, Peter and John are saying, for in the long run they have a great deal to do in the making of that public opinion before which men even as eminent as the distinguished Mississippi Senator must bow.

If those who conduct the legslative, the executive and judicial branches of government are superior souls upon whom rests more or less of the divine unction, then the view of Mr. Williams is correct. But if these persons temporarily in the position where they may enact and administer the laws are but the agents of the people who have conferred this power upon them, then his view is a mistaken one.

If it were true, as Mr. Williams says, that government by the people, in a substantial sense at least, did not exist, it would go far to encourage the overthrow of the kind of government we have. But his statement is not true. If the people of this country do not themselves directly rule, they nevertheless constantly remind their representatives of the source of their power, and quickly withdraw authority from them when it is no longer exercised in accord with the popular will. So that, in the truest sense, the people make, interpret and execute their own laws. In the long run they are the masters of Presidents, of Senators and even of the courts. If this power is exercised indirectly, and in some cases rarely if at all, it nevertheless exists as a potent remedy to be invoked against an invasion of popular rights or an overturning of the popular will.

The theory that the people of this country do not substantially rule it belongs to a day that has passed away. And this fact is in nowise altered by the method of delegating power temporarily to elected or appointed representatives. The extent of this power and the manner of its existence, and the right to alter the laws and their administration, belong to the people themselves, acting through procedures which they themselves possess.

Government by the people is a right too dearly bought to be destroyed by a few flippant phrases.



Our Spiritual Leadership

The maintenance of the peace of the world and the effective execution of the treaty depend upon the whole-hearted participation of the United States. I am not stating it as a matter of power. The point is that the United States is the only nation which has sufficient moral force with the rest of the world to guarantee the substitution of discussion for war.—*Woodrow Wilson.*

The nations are entering upon a new era; old systems are passing away; democracy is dawning everywhere. Our nation is the only great nation in a position to furnish the moral leadership required.—*William J. Bryan.*

BOTH these eminent gentlemen, in the remarks quoted above, were under the inspiration of the Jackson Day dinner at Washington. But even so, they make rather large claims for the "moral force" and the "moral leadership" of the United States—qualities we all hope that our country possesses in an eminent degree, but which may be discovered by the rest of the world without so much trumpeting of them on our part. Sacrifice has been deemed an important ingredient of moral power, and other nations have more to their credit in that respect than we have, though no one who really knows America doubts our willingness to have made sacrifices as great as those of any other land.

Every true son of the United States glories in the achievements of his country and in the fine spirit that animates the people. But

somehow it seems like claiming altogether too much to insist that we alone of all the nations of the world have that high moral power which fits us for leadership. If others told us that, we should be glad to accept the tribute, though not without the humility of feeling which should properly accompany such an eminent distinction. To claim the distinction ourselves, so insistently and so positively, savors of boasting, and by claiming so much we lay upon ourselves heavy obligations. To live up to our self-styled moral leadership of the world constitutes no easy task. The watchful eyes of mankind are upon us to see how we measure up to the standard of virtue we ourselves have set.

On the other hand, we are by no means the shirkers and slackers which some of our overseas critics say we are. If we came late into the great world conflict, that may be partly explained by our physical remoteness from it; and no one can deny that once we entered the fight it was with a determination to see it through. And if the United States, in view of its geographical situation, and more because of its traditional policy regarding foreign affairs, can not see the propriety of engaging in all the controversies of the old world, this by no means implies that we are to fail in those duties which vitally concern either our own welfare or that of mankind in general.

Nor must our unwillingness to shoulder Europe's burden of debt to the extent desired be interpreted as an unwillingness to do what we ought and can. It must be remembered that our own burden of debt, though less than that of most of the European nations largely engaged in the war, is nevertheless heavy, and that we have to provide for our own domestic development and also to see that taxes are not made too burdensome.

We have helped out in Europe and we shall continue to do so, in our own way and to the extent of what we consider our ability.

It will be to our everlasting credit if we can render real service in aiding the people of Europe to get back to work, to restore some of the material prosperity which the war destroyed. While we are busy in this plain and simple job we need not worry much about spiritual leadership, and ought to be too busy in providing food for the hungry and shelter for the homeless to find much time for boasting of being the great moral force of the world.

Selecting the Bank's Personnel

Problems to be Faced in Picking the Right Man for the Right Job

By Harry T. Jones

PRACTICAL business men of vision control and manage their establishment or institution in a manner which will best denote service given to the customer. Captains of industry, be they managing a department-store, a bank or any other channel of trade, are filled with a knowledge of the requirements in their special vocations and are daily applying that knowledge in constructively rendering their bank or store as a more efficient server of its customers or the public.

But the more important factor is that the knowledge is being disseminated in a systematic way, albeit with not too much red tape attached, in order that the best and quickest results may be obtained. And therein lies the reason extraordinary for the engagement of the personnel director whose duty it becomes to see that the proper employee is procured and developed into a master asset of the business.

It costs money to make money. To conduct your business in a service-giving manner, it costs money to do every single operation of one's plant, bank or otherwise. You can't make money by repeatedly losing it. You may pay yourself a salary, and you know that it costs you money. True, but you know just how much you are worth to your business and have first-hand knowledge that the money has been disbursed for full services rendered.

By the same psychological reckoning it costs money to pay your employees a salary, and the same knowledge, figuratively speaking, should obtain in all cases, showing that in buying your employees' time, energy, enthusiasm, goodwill and services you got your money's worth.

ESSENTIAL CHARACTER OF THE PERSONNEL DEPARTMENT

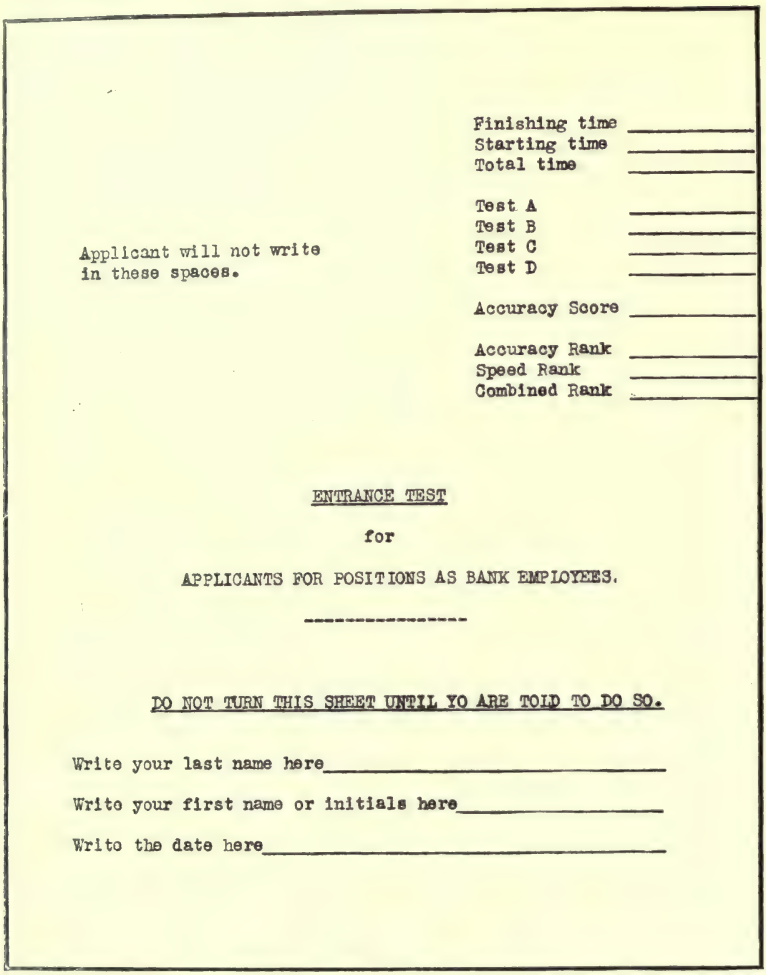
With this fundamental idea in mind, comes the formation, operation and maintenance of the personnel department as it applies in functioning all business of any size in the country today. It is as truly necessary as any other department, for its wide scope gives it a power which helps the business man or banker to determine whether his money is being paid out wisely or the reverse, for the help which he employs in conducting his business.

Consequent upon facts as above related, it is obvious that the personnel director in any large bank or establishment must be a man of vision, foresight and intuition; must be correct ninety-nine times out of a hundred; must be a good judge of human nature, a quick thinker, and above all, must have his employer's interest at heart even as though it were his very own. He comes nearer, in living up to his job, to be a real partner in the business than any other individual in the operation of the institution or establishment.

The consummation of ideals, as they pertain to his working force, is looked for by the employer in his director of personnel. Those same ideals are looked for by the personnel director in the operation of his department, and he utilizes his mental vision in seeing to it that it performs all that is required of it in so doing.

CO-OPERATION THE AIM

Of course, the main hub of the wheel of business, and what the personnel director steadfastly strives for, is co-operation among the employees. All



Finishing time _____
Starting time _____
Total time _____

Test A _____
Test B _____
Test C _____
Test D _____

Accuracy Score _____

Accuracy Rank _____
Speed Rank _____
Combined Rank _____

Applicant will not write in these spaces.

ENTRANCE TEST

for

APPLICANTS FOR POSITIONS AS BANK EMPLOYEES.

DO NOT TURN THIS SHEET UNTIL YO ARE TOLD TO DO SO.

Write your last name here_____

Write your first name or initials here_____

Write the date here_____

the people are pointed in the same direction of travel, so when everyone pulls together—and upward to the summit—the utmost of success is reached. But there must be a leader or guide of a large team, and in that leader there must be embodied qualities that make him a natural one. That leader is what is to-day known as the director of personnel.

Then if the ulterior object of the personnel department is to obtain and keep good employees—those who can and will always be a good asset to the business—it should start right. By starting right I mean that the employee, when he or she is first hired, should be subjected to mental and physical examination to ascertain whether or not they are qualified for a position, and also to give the personnel department some concrete evidence to work upon for present and future reference.

As future articles dealing with the topic at hand will appear in subsequent issues of this magazine, the writer feels that instead of a generalization in describing the methods of a personnel department he should deal first with the simple hiring of the clerk or employee and the maintenance of the procedure in so doing.

When we look back a few years we are amazed at the changes that are taking place—the intensive work that is

TEST A.

Fill in the missing words in the following sentences.

Both speed and accuracy are important.

1 - The Irving National Bank is _____New York.

2 - The sun rises in the _____ and _____ in the west.

3 - _____comes after Wednesday.

4 - Cotton is _____expensive than silk.

5 - The boy will _____himself if he _____with fire.

6 - The sun is_____shining, though the _____hide it.

TEST B.

After each word which is mispelled, write the same word, correctly spelled.

Both speed and accuracy are important.

Money_____	Wheet_____
Bill of ladding_____	Chamois_____
Discount_____	Matress_____
Umberella_____	Sponges_____
Recieved_____	Kentuckey_____
Casheer_____	Portlandt_____
New Jersy_____	Negligee_____

being done to-day as compared with haphazard methods of a quarter of a century ago—and we wonder what chance the man who ignores the trend of the times has against the man who is injecting intensive thought into his proposition. And one of those self-same propositions to-day is the systematic hiring, improving and keeping of efficient help in the conduct of the business or bank, as the case may be. The influence of a good personnel director is felt in every department. He can be of unlimited help to everyone, and his work may have a helpful or a harmful effect on overhead; all, of course, depending exactly upon how efficient he and his department perform the duties assigned to them.

The director of personnel believes in statistics and knows how to use them. He realizes that figures are a reflection of facts and that the way to put things across is to have facts as the basis of argument.

The director of personnel must know human nature. He must be able to size up men and know how to handle them. He must know when to be hard and when to be soft, but must be firm if he is sure he is right. Above all, he must be just. A competent personnel department—manned by folks really grounded in the duties of their job—will quickly grasp all essential prac-

TEST C.

Solve the following problems. Use the blank spaces below for figures.

Both speed and accuracy are important.

Add	7 9	Subtract	8 5	Multiply	4 3
Divide	3)9	Add	5 14 8	Subtract	28 19
Multiply	72 8	Divide	9)82	Add	32 14 89 6 205
Subtract	1328 449	Multiply	521 93	Divide	13) 169
Add	3.298 52.762	Subtract	456.7 367.805	Multiply	987.64 7.3
Divide	2.5) 1436.5	Add	$1\frac{1}{4}$ 3-5/8 $5\frac{1}{8}$	Subtract	$14-\frac{3}{4}$ 5-1/8
Divide	3/8 by 1/3				

tical details of almost any line. This has been demonstrated where successful personnel directors have changed from one line to another and almost immediately shown an enormous improvement of conditions in the new field which they entered.

To discuss then the first step in our subject, we will assume the applicant has presented himself for a position in the bank. He is presented with the form, which is illustrated in these pages, which he is instructed to fill out to the best of his ability. The form consists of five separate pages turned upward from the bottom. You will notice that the applicant only turns the first paper u pon a givensignal to do so.

SIMPLICITY OF THE TESTS

It might seem, after a cursory glance, that the tests are too simple. Yet simplicity is the very attribute that is being striven for. It must be remembered that we are not trying out a finished bank clerk, but rather one in the embryo state. It is the first record of the applicant and may denote his or her ability ten years hence when aptitude for a promotion is under discussion.

Fast time for the four tests is seven minutes, ten minutes is good, thirteen minutes is fair, and longer than that is not considered as a demonstration of much ability.

T E S T C CONTINUED.

1 - If you save six dollars a month for five months, how much will you save?

Ans._____

2 - If you buy two cakes of soap at eight cents each, and a sponge for nineteen cents, how much change should you get from a five dollar bill?

Ans._____

How much change from a ten dollar bill?

Ans._____

3 - An employee of this bank bought six yards of muslin at thirty-nine cents a yard, and four and one half yards of cheesecloth at thirty-four cents a yard. She received 10 per cent. discount on the amount of her purchase. How much did she pay for the goods?

Ans._____

It might be a good idea to try out these tests upon every present employee of the institution, just for the sake of curiosity. Sometimes the extreme of simplicity reveals facts in the make-up of men and women of which the employer was not aware.

And so an examination in the tests by all employees of the bank might reveal each one's natural aptitude for details in the power of concentration, or it might bring to light faults which hitherto had been unconsciously concealed for the simple reason that no one had ever asked for a test of fundamental knowledge. One need not be surprised, strange as it might first appear, that under such proposed test by all employees of the bank, less than fifty per cent will finish in fast time with a perfect score, and less than eighty per cent will finish in good time without error.

In the final analysis of the duties of the director of personnel, in this one branch of his office, there is submitted twenty-seven "safeguards in selecting" applicants for positions, viz.:

SAFEGUARDS IN SELECTING EMPLOYEES

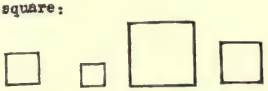
1. Study the needs of your bank and know the requirements of every job.
2. Classify departments and secure written specifications of every job so that you know the physical, mental, and operating requirements of every occupation.
3. Provide each department with help

TEST D

Follow carefully the instructions given below.

Both speed and accuracy are important.

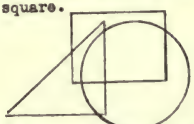
1 - Make a figure 1 in the smallest square:



2 - Draw a line from circle 4 to circle 7 that will pass below circle 5 and above circle 6:



3 - Make a figure 3 in the space which is in the circle but not in the triangle or square. Also make a figure 4 in the space which is in the triangle and circle but not in the square.



4 - Notice the three circles and the three words. Write in the first circle the second letter of the first word; in the second circle the third letter of the first word; and in the third circle the fifth letter of the first word.



5 - Cross out the letter after I. Also draw a line under the second letter after L.

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z.

requisition slips, so that the employment staff, examining applicants, has at hand written specifications as to positions desired to be filled.

4. Have such requisitions so filed in employment or interviewer's office that interviewers have an accurate knowledge of vacancies and requirements. Understand the essential requirements of your jobs, and in interviewing determine immediately if applicant possesses essentials.

5. Provide comprehensive application card which will give an efficient "flash history" of the applicant's experiences, training, previous connections, education, age and all other desirable information.

6. Provide physical examination. If impracticable and too expensive, provide physical questionnaire that will supply employment department with necessary information as to the applicant's general fitness for the job, as well as previous sicknesses, injuries, and general state of health.

7. Try to place men in positions that have requirements in agreement with their physical characteristics.

8. Examine applicant as to mental fitness and qualifications for positions to be filled.

9. If applicant is desirable and experienced but has apparent physical defects, such as weak eyes, or poor hearing, arrange to have professional advice given by company's physician or reliable outside doctor.

10. Check up statements and references submitted with application card whenever this procedure is practical and desirable.

11. Encourage applicants to ask questions about the work so that they will thoroughly understand working conditions and agreements.

12. Treat all applicants in such a manner that they will enter your employ with the

feeling that they will be squarely treated and given an opportunity to advance by increasing their knowledge and ability.

13. Find out from the applicant not only what kind of work he has done and how well he can do it, but learn which kind of work he prefers and enjoys, because unless an employee enjoys his work he will become a dissatisfied workman.

14. Married men who are buying or own their own homes, or have families, are generally more reliable workers and should be given preference.

15. Exercise care in distribution of nationalities and faiths.

16. Do not hire men who you think will not be satisfied.

17. It is better to spend as much time as possible interviewing applicants or to leave the position open than to try out some unsuitable person for a few days or a week in order temporarily to fill the job.

18. Do not hire men at a much lower salary than what they have been receiving without a very good reason, because the chances are they will only stay until they are able to obtain better paying positions, or get enough money to leave the locality.

19. When employees from competing banks apply for work in your bank, endeavor to get in touch with these banks to determine if they have any objection to your hiring such applicants. (A "community understanding or agreement" on this point will minimize "shopping around for jobs.")

20. Be careful not to hire men who are likely to quit because of the distance they have to travel in going to and from work.

21. Try to spot "floaters" and steer clear of them.

22. Diagnose your own natural prejudices as well as those of the heads so that you will not turn down a good man because of unjust prejudice.

23. Let your applicant know that you place a premium on loyalty, good health, intelligence, honesty, and industry, and try to maintain high standards.

24. Show the applicant that promotion of employees is dependent on these qualifications along with the length of service and actual value to the bank.

25. Follow the policy of filling all the better paid positions with men in your employ and advertise this policy to the applicant.

26. Sell your jobs so that every worker accepting employment will be satisfied and give his best energies and attention to the work.

27. It is expedient in the interest of good selection to provide interviewers with adequate facilities and sufficient privacy that will enable them to come to a quick, thorough and human understanding of the applicant's qualifications, habits, hobbies, and shortcomings.

Editor's Note.—In a forthcoming article Mr. Jones will discuss "Preliminary Schooling of the modern Bank Clerk."

Observations of an Outsider

A Non-Banker Gives His View-Point on Banking Service

A BANKER once asked:—"What does the public really think or know about my bank?" To get the answer, he put on his hat and went outside to watch and listen. He wanted to get the ideas and viewpoint of the "man outside looking in." He saw and heard many things that surprised him, and what he learned he used.

That's what I am,—"a man outside looking in." I am not a banker, but I am with that banker heart and soul in his search, and I am going to observe and report my "observations" for his benefit. My "observations" will not be technical, for, remember, I am just an interested "outsider" and not a banker. I want to see whether or not you are reaching the whole people with your messages of thrift and service. If the little items I pick up are commendatory I will feel that I am passing a good word along;

if, at times these items are critical, bear in mind that the criticisms are meant in a kindly and constructive spirit.



I have found that there are two kinds of banks:—human, and the other kind. I like to go into the first kind, whether it is "my" bank or not; but as to the other kind, I'd as soon enter the freezing room of a cold storage plant.



The small depositor is often a nuisance,—but lots of times he grows into a big depositor with a very clear memory of the kind of treatment he got when he was just a small "nuisance."



The other day I went into a bank to deposit twenty-five dollars. I got a hearty "good morning" from the treasurer at his desk near the entrance and the receiving teller called me by name. I'm a strong booster for that bank. Foolish, isn't it? But somehow I feel as though we'd both made a personal matter of it.



I overheard a small business man ask a banker about a "wild-cat," highly speculative stock that had been offered him by a clever salesman. The banker went right up in the air. "I don't know a ..... thing about it except that it can't be any good. Leave it alone. It's a crime that such stuff is allowed to be sold. They're peddling it all over town to the easy marks."

Now it seemed to me that no man could enjoy being called an easy mark to his face. If I had been the unscrupulous salesman for that stock, I'd have buttonholed that man outside the bank, played a bit on his pride in "picking his own investments" and told him that the banker just wanted him to keep his money in the bank where the banker could use it to make money for the bank. I'd have painted a vivid picture on the banker's own words "I don't know a ..... thing about it"—and I'd have sold the stock. It seems to me however that Friend Banker should have been fully posted on the widely peddled stock and put up a cold, hard analysis that would have appealed to the man's reason. I know it's some job to keep fully posted on all these fly-by-night propositions, but it strikes me that it really is a big part of the real banker's job. Anyway, I know a lot of them that are doing it.

It's old stuff, but it always makes me stop, look and remember, when I see a real clock in a bank window, with a sign under it "Time to open an account here."



A bank located in the business center of a thriving manufacturing town, flashes a special electric sign over its entrance every Saturday night—pay night—when the crowds are out. The sign says "Pay Your Bills By Check." That's all, but it struck me as a mighty good thought to put before a man with his week's pay in his pocket and bills to pay. The treasurer told me that sign brought a lot of new accounts, and a little friendly word to the new depositor about the "fun of seeing your balance grow" created quite a bunch of pretty substantial accounts.

A big city bank opened a new "uptown" branch. A letter went to the merchants and other business men in the neighborhood which said "We are going to be neighbors and ought to get acquainted. You already know something about us and we know something of you. We are opening this branch up there solely for the convenience of you and other neighbors and we'll be ready to serve you next Wednesday." Struck me as being good, strong selling talk.

Second Pan-American Financial Conference

One thing we must remember—there should be international reciprocity in banking as well as in trade. If we expect to invade Mexico, Central and South America with our banks, we must expect the banks of those countries to come here. And if we restrict the operations of their banks here, we may expect them to throw like restrictions around our banks there. Already many foreign banks have agencies in New York and other American cities, but the state laws generally prohibit these agencies from doing a banking business; that is, they may not receive deposits, and thus their ability to make loans is largely curtailed. Can we reasonably expect that Latin America will allow privileges to our banks which we deny to theirs?—*From an address by the editor of* THE BANKERS MAGAZINE *delivered before the Pan-American Commercial Conference at Washington, February* 17, 1911.

Whereas, Banks, both national and state, in the United States, have established branches in various Latin American countries; and,

Whereas, Restrictions exist under the laws of various states of the United States, which in effect prevent the operation of branches of foreign banks within their jurisdiction;

Therefore, We recommend that the legislation in such states be so modified as to permit the establishment of branches of banks of Latin American countries, under proper regulations, so as to secure equality of treatment.—*From resolutions adopted by the second Pan-American Financial Conference, Washington, January* 23, 1920.

THE Second Pan-American Financial Conference, held at Washington during the week of January 19, was important from several points of view. There was a large and representative attendance from the Latin-American countries and from the United States as well. Delegates from the Southern lands included several Finance Ministers and other experts in finance and trade, while the United States was represented by the Secretary of the Treasury and the Governor and other members of the Federal Reserve Board. Serving on the group committees, in consultation with the official representatives of the Latin-American countries, were numerous prominent bankers and business men from the United States. The meetings of these group committees was of an executive character, enabling those present to discuss matters of interest with more freedom than would have been possible in the open sessions of the conference and also affording an opportunity for closer acquaintance than a mass convention.

The topics considered embraced a wide range of practical matters, such as transportation, internal development, more uniform laws respecting commercial practices, an international gold clearing fund, liberalization of state banking laws with respect to branches of foreign banks domiciled in the United States, etc., etc.

WHAT WAS ACCOMPLISHED AT THE CONFERENCE

In a general way the results of the conference were thus characterized by Secretary of the Treasury Glass in bidding the delegates farewell:

"The congress, I feel sure, has accentuated the sentiment of common purpose and strengthened the bonds of coöperation between the American republics. It has tended to improve the relations of cordiality and affection and to unite them in service to each other, to humanity and to the world."

A more concrete idea of what was accomplished may be had from the subjoined summary of the recommendations embodied in the report of the committee on resolutions.

1. That the name of the International High Commission be changed to "The Inter-American High Commission," the better to indicate its constituency and sphere of work.

2. That the report of the transportation committee, recommending increased freight



Latin American Delegates Pan-American Financial Conference

and passenger ocean service to South America be transmitted to the United States Shipping Board for consideration and action; that the recommendations dealing with railroad transportation, postal and telegraph facilities be sent to the Inter-American High Commission for action.

3. That the legislation of certain states of this country be so modified as to permit operation of branches of Latin American banks within their jurisdiction, under proper regulation, so as to secure equality of treatment.

4. That the Inter-American High Commission study the possibility of securing uniformity and equality of treatment in laws regulating foreign corporations in Latin America.

5. That there be developed increased use of acceptances for the purpose of financial transaction involving import and export of goods. The hope is expressed that the United States will offer a widening market for long time Latin-American securities.

6. That the Inter-American High Commission be asked to further the establishment of an international gold fund, which plan already has been adopted by several South American republics.

7. That the Inter-American High Commission bring to the notice of the American governments the desirability of adopting a uniform law on the subject of checks.

8. That the Inter-American High Commission be asked to study the best method of avoiding double taxation of individuals and corporations in Latin-American countries.

9. That the American countries which have not done so ratify the convention adopted by the International American Congress at Buenos Aires in 1910 for the establishment of an international bureau at Havana for registration of trademarks.

10. That American countries which have not done so ratify the convention adopted at Buenos Aires in 1910 concerning patents and copyrights.

11. That the Webb law be amended to permit American companies, importing or dealing in raw materials produced abroad, to form under proper Government regulations organizations enabling such companies to compete on terms of equality with companies of other countries associated for the conduct of such business.

12. That the commercial attache system be extended with appropriate training for all branches of the foreign service as a means of developing commercial relations.

13. That a simultaneous census be taken by all American countries at least every ten years, observing uniformity of statistics.

14. That the metric system of weights and measures be universally employed, and until such time as that is done, articles marked by the standards used in the United States also be marked according to the metric system.

15. That the plan of arbitration of commercial disputes in effect between the Bolsa de Commercio of Buenos Aires and the Chamber of Commerce of the United States be adopted by all the American countries.

16. That the Inter-American High Commission be asked to study the creation of an Inter-American Tribunal for the adjustment of questions of a commercial or financial nature involving two or more American countries and the determination of such questions by law and equity.

17. That the importation of raw materials into any country shall not be prevented by prohibitive duties.



Latin American Delegates Pan-American Financial Conference

18. That the banking interests of the United States study the possibility of financial relief to Europe by repaying Latin American obligations held in Europe by means of new loans granted in the United States to the respective Latin-American countries.

It will be seen that this wide range of subjects embraces several matters of an intensely practical character, and that some of the problems considered have already received official cognizance either through legislation or executive action. In respect to some of the suggestions, of course, action will have to await more extended study and a more favorable world situation.

One of the very interesting proposals made at the conference was that of Dr. José Luis Tejada, of Bolivia. It was, in substance, that the United States make loans to the Latin-American countries for the purpose of enabling the latter to pay their loans now held in Europe. This would be an indirect way of extending financial aid to those countries of Europe which hold Latin-American securities. As the countries of Central and South America are large producers of food and raw materials, much needed in Europe, this might prove a convenient means of handling at least a portion of the Europeon economic problem. As will be seen from the resolutions presented on succeeding pages, this proposal received the approval of the conference.

Another subject of special concern to the banking interest of the United States and Latin-America, was acted on in accordance with the principles laid down in an address delivered by the editor of THE BANKERS MAGAZINE at the Pan-American Commercial Conference in 1911, and frequently discussed in these pages since that time, and which was proposed as a matter to be brought to the attention of the recent Pan-American Financial Conference in a letter addressed to the Secretary of the Treasury on November 20, 1919.

On assembling in the Hall of the Americas, Pan-American Union Building, Secretary Glass called the conference to order, and read the following communication from the President of the United States:

MESSAGE FROM PRESIDENT WILSON

Gentlemen of the Americas: I regret more deeply than I can well express that the condition of my health deprives me of the pleasure and privilege of meeting with you and personally expressing the gratification which every officer of this Government feels because of your presence at the National Capital, and particularly because of the friendly and significant mission which brings you to us. I rejoice with you that in these troubled times of world reconstruction the Republics of the American Conti-



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nent should seek no selfish purpose, but should be guided by a desire to serve one another and to serve the world to the utmost of their capacity. The great privileges that have been showered upon us, both by reason of our geographical position and because of the high political and social ideals that have determined the national development of every country of the American Continent, carry with them obligations, the fulfilling of which must be regarded as a real privilege by every true American. It is no small achievement that the Americas are to-day able to say to the world: "Here is an important section of the globe which has to-day eliminated the idea of conquest from its national thought and from its international policy." The spirit of mutual helpfulness which animates this conference supplements and strengthens this important achievement of international policy. I rejoice with you that we are privileged to assemble with the sole purpose of ascertaining how me can serve one another, for in so doing we best serve the world.

(Signed) WOODROW WILSON.

Hon. Robert Lansing, Secretary of State, then delivered the following official welcome on behalf of the Government of the United States.

ADDRESS DELIVERED BY HON. ROBERT LANSING, SECRETARY OF STATE OF THE UNITED STATES OF AMERICA, AT THE OPENING SESSION OF THE SECOND PAN-AMERICAN FINANCIAL CONFERENCE

Mr. Chairman, Gentlemen of the Financial Conference: It is a personal gratification to me that I am privileged to welcome you on behalf of the Government of the United States and to extend to you its congratulations upon this new manifestation of the mutual interest and friendship which means so much to the common welfare of our nations.

When the First Financial Conference assembled here in 1915, its chief purpose was the consideration of the abnormal financial conditions which prevailed in this hemisphere as the direct result of the European war. With trade routes interrupted and profitable markets closed, with commercial systems disorganized and credits threatened, it was a fortunate circumstance that the financiers of the republics of America assembled to exchange opinions and to seek means for overcoming the difficulties which had so suddenly arisen.

The conference of 1915 marked a distinct advance in the development of constructive Pan-Americanism. It was the translation of the Pan-American spirit of helpfulness and mutuality into practical effort, standing out in bold contrast with the hatreds and antagonisms engendered by the dreadful struggle across the seas.

As the American nations came together in those early days of the great war, it is fitting that with the close of that conflict, when an exhausted world is groping amidst the ruins of past prosperity to find foundations on which to rebuild its shattered fortunes, that our republics should again assemble in conference to consider the financial and economic problems of the new era and to devise ways of adjusting our lives and intercourse to the new conditions in harmony with the impelling spirit of Pan-Americanism.

It is evident to all that the war and its waste of life and treasure have profoundly



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influenced the relation of the Americas to world affairs. It would be folly to cherish the illusion that the cruel years of Europe's agony have not affected the peace, prosperity and progress of the American nations. We cannot avoid the new responsibilities to one another and to the world. We ought not to avoid them, even if we could. And I but echo the united voice of the Americas when I declare that we will take up the burden thrust upon us and with confidence press forward to the better days which lie in the future.

The acceptance of the first of these responsibilities is attested by your presence here in this great conference. It is an inspiring thought that, at this critical time in the world's history when discord and suffering and despair are still the portion of unhappy peoples, the republics of America are assembled with the purpose and the will to serve the common good. The example of America, dominated by this spirit of solidarity and so clearly expressed in your generous response to the call for this conference, cannot but exert a beneficient influence beyond our continental shores, and bring hope and confidence to nations which were losing faith in the power of international friendship.

In addition to this recognition of our duty to one another we have a greater mission, a world mission, to fulfill. The Americas stand for certain political and social ideals, which permeated our very existence as nations since we declared and achieved our independence. Of these the most important is the orderly development of political institutions based on the supremacy of the popular will and the equality of economic opportunity unimpaired by special privilege or class distinction. We are free peoples consecrated to liberty and jealous of our rights as nations and as individuals. We can render to humanity no greater service than to preserve these lofty ideals untouched by sordid or selfish purpose as living witnesses of their beneficent power over the affairs of men. If, in addition to this, we demonstrate in our international intercourse that the American policy is guided by a spirit of helpfulness rather than by national selfishness, we shall make a contribution to world progress and to civilization which will bear its present reward and be remembered with gratitude by posterity.

To the performance of these duties to our own peoples and to all peoples I look forward confidently, for I cannot conceive of the American Republics departing from the path of justice and generous aspirations which has led them to the prosperity which they now enjoy.

The Government of the United States is not unmindful of the privilege which it enjoys in being the host of this body of distinguished men. It is proud to do its share in contributing to your success, but with you, gentlemen, the real success of this conference lies. I feel certain that as a result of your deliberations the republics of America will draw more closely the bonds which already unite them and strengthen that spirit of mutual sympathy and helpfulness which is the very soul of Pan-Americanism. The material accomplishments should be great, but in giving to them your earnest thought remember that a greater and more enduring benefit to mankind will be attained through the spiritual unity manifested in your councils. Thus inspired and directed you cannot fail in the task which you are about to undertake.



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Addresses of welcome were also made by Secretary Glass and by John Barrett, Director General of the Pan-American Union.

Responses to the addresses of welcome were made by Dr. Enrique Martinez Sobral, of Mexico; Dr. Carlos Sampaio, of Brazil; Dr. Luis Izquierdo, of Chile; Dr. Manuel de Cespedes, of Cuba, and Dr. Domingo E. Salaberry, Finance Minister of Argentina. In the course of his remarks, Dr. Salaberry said:

> If as a result of this conference there be formulated some concrete resolution which will facilitate rapid and economical exchange of everything pertaining to the facilities of life for the great mass of laboring peoples, we shall have done a useful labor and our zeal will be fully justified.

One of the most important results of the First Pan-American Conference, was the establishment of the International High Commission (now the Inter-American High Commission.) An outline of the work of this body is given in the subjoined address.

THE WORK OF THE INTERNATIONAL HIGH COMMISSION

By Hon. John Bassett Moore,
Vice-President of the Central Executive Council of the International High Commission

On March 12, 1915, while the great war, daily increasing in intensity, was drawing the world more and more into its vortex, the American governments were, in the name of the President of the United States, invited to send delegates to a conference with the Secretary of the Treasury, at Washington, with a view to establishing "closer and more satisfactory financial relations between the American Republics." To this end it was intimated that the conference would discuss not only problems of banking, but also problems of transportation and of commerce.

It thus came about that there assembled in Washington on Monday, May 24, 1915, under the chairmanship of the Honorable William G. McAdoo, Secretary of the Treasury, the first Pan-American Financial Conference.

The subjects submitted to the conference embraced public finance, the monetary situation, the existing banking system, the financing of public improvements and of private enterprises, the extension of inter-American markets, the merchant marine and improved facilities of transportation. It was a programme that went beyond the emergencies growing out of the war, and the conference in its deliberations did not confine itself to the adoption of temporary devices. On the contrary, it sought to meet



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a permanent need by establishing an organization which should devote itself to the carrying out of a task whose importance was not to be measured by temporary conditions, whether of war or of peace.

UNIFORMITY OF COMMERCIAL LAWS

The formulation of the programme of future work was entrusted to the general committee on uniformity of laws relating to trade and commerce, and the adjustment of international commercial disputes.

The report of this committee, while reserving for separate and distinct treatment the difficult and complex problems of transportation, recommended that the following subjects should be specially pressed:

1. The establishment of a gold standard of value.
2. Bills of exchange, commercial paper, and bills of lading.
3. Uniform (a) classification of merchandise, (b) customs regulations, (c) consular certificates and invoices, (d) port charges.
4. Uniform regulations for commercial travellers.
5. Measures for the protection of trademarks, patents, and copyrights.
6. The establishment of a uniform low rate of postage and of charges for money orders and parcels post between the American countries.
7. The extension of the process of arbitration for the adjustment of commercial disputes.

For the purpose of dealing with these subjects, and particularly for bringing about uniformity of laws concerning them, the committee recommended the establishment of an International High Commission, to be composed of not more than nine members, resident in each country, to be appointed by its Minister of Finance. The aggregate members thus appointed were to constitute the International High Commission of which the members resident in each country were to form the national section for that country.

The recommendations of the committee were unanimously adopted, and the International High Commission came into being.

The conference further resolved that the local members of the International High Commission should be immediately appointed in their respective countries; that they should at once begin preparatory work; that the various governments should be requested through their appropriate departments to coöperate in the work of the commission; and that the members of the United States section should, as soon as practicable, proceed to visit the other American countries to meet the members of the commission there resident.

The establishment of the International High Commission was a measure of the greatest practical significance. In 1889, there met at Washington the first of the assemblies known as the International American Conferences, of which four have so far taken place, and of which the fifth, but for the outbreak of the war in 1914, would long since have been held.

GOOD RESULTS ACCOMPLISHED

The good results accomplished by the International American Conferences could

hardly be over-estimated. Although they at first encountered criticism and even derision, it would be difficult, if not impossible, to find any one to-day who would either censure their spirit and purpose or deny their beneficent effects.

But the International American Conferences had one capital defect. They lacked a permanent organization to carry on their work. Hence, although they formulated many excellent and far-reaching plans, and concluded numerous treaties and conventions, yet after they adjourned there was no one to follow up their resolutions and endeavor to secure their ratification and execution.

The want of such a permanent body was supplied by the creation of the International High Commission, the United States section of which received legislative sanction by the act of Congress of February 7, 1916.

In conformity with the resolutions of the first Pan-American Financial Conference, the United States section in due time proceeded to Buenos Aires, where, in April, 1916, the International High Commission held its first general meeting, under the presidency of the Hon. Francisco J. Oliver, Argentine Minister of Finance. All the national sections of the International High Commission were represented at this meeting, more than seventy of its members being in attendance. Nothing could more clearly attest the general interest felt in the work or the universal appreciation of its practical importance.

At Buenos Aires the commission, besides dealing with the subjects designated by the first Pan-American Financial Conference for special treatment, also included in its deliberations the question of international agreements on uniform labor legislation; uniformity of regulations governing the classification and analysis of petroleum and other mineral fuels with reference to national development policies; the necessity of better transportation facilities between the American Republics; banking facilities, the extension of credit, the financing of public and private enterprises, and the stabilization of international exchange; telegraphic facilities and rates, and the use of wireless telegraphy for commercial purposes; and uniformity of laws for the protection of merchant creditors.

At Buenos Aires the International High Commission also took an important step in the further development of an effective organization. This was done by the creation of a common organ or agency, called the central executive council, consisting of a president, a vice-president, a secretary-general, and an assistant secretary-general; and, as Washington was unanimously designated as the headquarters of the International High Commission till its next general meeting, the chairman, vice-chairman and secretary of the United States section thus became the central executive council, with the responsibility of supervising, coördinating and carrying on the commission's work.

The work has been steadily and energetically pressed. Valuable publications, intended to elucidate and support the measures which the commission has in charge, have been prepared, printed and circulated, and appreciable progress has been made in securing the adoption of those measures. In these activities the central executive council has had the intelligent, hearty and efficient coöperation of the several national sections, which have in many instances made admirable studies of the subjects under consideration.

Substantial ameliorations of methods of customs administration have been secured in various quarters. Regulations permitting sanitary visits outside regular hours, the simultaneous loading and unloading of cargoes, and the advance preparation of cargoes, have been brought about in numerous countries.

Progress has been made with the adoption of a uniform statistical classification of merchandise, as recommended by the International High Commission, at Buenos Aires. Six countries have already taken favorable action, and two more are understood to be on the point of so doing.

Every effort has been made to advance uniform legislation in regard to bills of exchange, checks, bills of lading, and warehouse receipts, and appropriate documentary material has been prepared and circulated on those topics.

LAWS RELATING TO BILLS OF EXCHANGE

In dealing with the subject of bills of exchange the International High Commission, taking into consideration the legal conceptions generally prevailing in the American countries other than the United States, and the opinions of their leading jurists, decided to recommend to those countries the adoption of The Hague Rules of 1912, with certain modifications. This decision has been justified by the results. Already The Hague Rules have been substantially incorporated in the codes of Brazil, Guatemala, Nicaragua and Venezuela, and bills to the same effect have been introduced in at least four other countries. We seem to be rapidly approaching the time when, so far as concerns bills of exchange, there will, in effect, be only two systems in use in the Western Hemisphere, based, respectively, on The Hague Rules of 1912 and the United States Negotiable Instrument Act of 1916.

Bills have been introduced in the Congresses of Uruguay and Venezuela to incorporate into their commercial codes The Hague Rules of 1912 in regard to checks.

In the Congresses of Argentina and Nicaragua, measures have been introduced similar to the United States Bills of Lading Act.

The commission has also been glad to observe a growing interest in the adoption of



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uniform legislation on the subject of warehouse receipts, as well as on that of conditional sales. The Peruvian Congress has lately enacted a law on the former subject, substantially based on the Uniform Warehouse Receipts Act in the United States, and a similar step has been under discussion in Argentina, Paraguay and Uruguay. Increased interest in conditional sales legislation has notably been shown in Argentina, Brazil and the United States.

During the war constant efforts were made by the International High Commission, largely through the central executive council, acting in coöperation with the various national sections, to relieve the burdens and inconveniences arising out of the conflict as regards transportation and other matters. Of those efforts no detail can now be given. It is necessary on the present occasion to limit the rehearsal of the commission's activities chiefly to measures of a comprehensive and systematic nature, the development of which is still going on.

OTHER MEASURES BEING DEVELOPED

Among those measures one of the most important is that bringing into operation the conventions adopted by the International American Conference at Buenos Aires, in 1910, for the protection of patents and of trademarks. By the latter convention, the American republics were divided into two groups, the southern and the northern. Of the southern group, Rio de Janeiro was designated as the official center, and of the northern, Havana; and at each of these capitals there was to be established an international bureau for the registration of trademarks, so as to secure their international protection in the Americas. This treaty, so closely related to the interests of the countries concerned and not least to those of the United States, had lain dormant and unratified. The International High Commission took it up and brought about its ratification by the requisite number of governments of the northern group, as a result of which the International Bureau of Havana is now open and in operation. It is hoped that a similar result may soon be attained in the southern group. Meanwhile, it would seem to be worth while to consider whether, pending the establishment of the Rio bureau, an arrangement might not be made whereby the members of the southern group, which have ratified the convention, may gain the benefits of international registration by accepting the services of the bureau at Havana.

Another measure that has been vigorously pressed is the convention to facilitate the operations of commercial travellers. In a number of the American countries local taxes, practically prohibitive in amount, on the operations of such travellers, have for many years existed. The International High Commission, at its meeting at Buenos Aires, adopted a resolution containing the bases of uniform regulations for commercial travellers and their samples. Taking this resolution as a starting point, the central executive council drafted an international convention, which, after examination and revision, was submitted by the Department

of State to the American governments, looking to the substitution for all local taxes of a single national fee. This convention, which was first signed and ratified by the United States and Uruguay, has since been signed and ratified by four countries, and has been signed by three more. It is understood that five others are ready to sign, while yet others are still considering it, some of them apparently with favor.

INTERNATIONAL GOLD CLEARING FUND

Another measure preferentially dealt with, because of its significance for the future as well as for the present, is the treaty for the establishment of an international gold clearance fund. This treaty has a twofold object. It is designed not only to assure the safety of deposited gold and to avoid the necessity of its shipment when difficulties in transportation exist, but also to facilitate and stabilize exchange through the adoption of an international unit of account. The plan was very carefully studied by the International High Commission at Buenos Aires, and subsequently, through the coöperation of the central executive council with the Department of State, at Washington, it was incorporated in a draft of a treaty. This draft has so far been signed with the United States by Paraguay, Guatemala, Panama and Haiti, but it has been approved in principle by at least six other republics, some of which are now actively considering its adoption. The treaty by its terms covers only the American nations; but it contains a principle the discussion of which has lately attracted wide attention and which may prove to be of incalculable value to the world in the future.

ARBITRATION OF COMMERCIAL DISPUTES

Nor should we overlook what has been accomplished in extending the practical acceptance of the principle of the arbitration of commercial disputes. In the programme of the International High Commission this subject has occupied a prominent and permanent place. A substantial achievement was recorded when, on April 10, 1916, a plan agreed upon by the Chambers of Commerce of the United States and Buenos Aires was formally put into effect. The results have been most gratifying; and agreements have since been made between the United States Chamber of Commerce and the National Chambers of Commerce of Uruguay, Ecuador, Panama, and Guatemala. Similar agreements are in process of negotiation with the Chambers of Commerce of Honduras and Peru, and between the Chambers of Montevideo and Asuncion. Much yet remains to be done to give legal certainty, stability and efficiency to the system. Especially is this the case in the United States, where the archaic rule, permitting the disregard of arbitral clauses, still prevails. This rule should be superseded by legislation, similar to that which exists in most other countries, making commercial arbitration, under the supervision of the courts, an integral part of legal procedure. On this question I feel that I can add nothing to the argument so comprehensively and cogently presented in the recent volume on "Commercial Arbitration and the Law" by Mr. Julius Henry Cohen of the New York bar.

The central executive council has had in its work the active and hearty coöperation of various bodies, such as the American Bankers' Association, the committee on commercial law of the Conference of Commissioners on Uniform State Laws, the United States Chamber of Commerce and the National Foreign Trade Council. It is gratifying to bear testimony to the aid and support thus rendered.

ECONOMICAL MANAGEMENT OF THE COMMISSION

At the present hour, when we are accustomed to think in billions, unfortunately, I may say, of accumulated and accumulating debt rather than of accumulated and accumulating treasure, I trust that I shall not seem to sound a discordant note if I advert to the strict economy practiced by the International High Commission in its expenditures. So far as concerns the Treasury of the United States, the entire cost of the commission, since it began its work in 1915, including the visit of the United States section to Buenos Aires in 1916, represents an annual average hardly equal to the cost of two large public dinners; and when I speak of expenditures, I include not only salaries, but furniture and equipment, stationery and printing, the use of the telegraph and the telephone, and expert assistance in law and in languages. The smallness of the expenditures, which is out of all proportion to the work actually done, is to be ascribed not only to the voluntary services rendered by individuals and by public bodies, but also and in the main to the devotion of the permanent working force and the exceedingly moderate compensation of those who receive any.

Looking to the future, it may be affirmed that work such as that in which the International High Commission is engaged is of incalculable importance. The American Republics cover a vast area with an aggregate population of almost 200,000,000. They represent all varieties of soil, of climate, and of resources. Not in any sordid sense, but in the sense of contribution to the comfort and convenience of all men, through sharing the benefits of what the earth produces, it may be said that the future lies with the western hemisphere, and that its development has just begun.

Hon. Wm. G. McAdoo, former Secretary of the Treasury, presided over one of the evening sessions of the con-



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ference, and made an address in which he said:

Five years ago it was my privilege as Secretary of the Treasury to welcome the distinguished delegates to the First Pan-American Financial Conference at Washington, and it is now my pleasure and honor as a private citizen to welcome the distinguished representatives of the Latin-American Republics to this Second Pan-American Financial Conference. Great events have marked the five intervening years. A colossal war has been won and the substance as well as the shadow of autocratic governments has been obliterated from the leading nations of the world. We face great duties and responsibilities for the future, not alone domestic in their character but international in their range and importance. The whole world has reached a stage where interdependence of nations is now clearly manifest and must be recognized in future political and economic policy.

PRACTICAL WORK OF FIRST PAN-AMERICAN FINANCIAL CONFERENCE

During these past five years the Latin American Republics and the United States have of necessity been drawn more closely together. We know each other better than we ever did before because we have had more to do with each other than we ever had before. Our export trade to Latin America has increased from $99,000,000 in 1915 to $400,000,000 in 1919, and our imports from Latin-America have increased from $261,000,000 in 1915 to $568,000,000 in 1919. This remarkable growth has resulted in considerable measure from the dislocation of Latin-American European commerce, but it has resulted to a large extent also from the practical work of the First Pan-American Financial Conference and the International High Commission, which was created by that conference to carry out the programme of the conference. The extent to which this has been successfully done will be set forth by Hon. John Bassett Moore. International protection of patents, trademarks and copyrights, uniform regulations for commercial travellers, uniform low rates of postage, increased cable facilities and decreased cable rates, establishment of shipping facilities, and many other things have been covered in the wide range of the commission's endeavors.

In public finance we have since 1915 liquidated in part our indebtedness to European belligerents and we have extended credits to them during the war to cover their needs for military goods.

CLOSER BANKING AND FINANCIAL RELATIONS

In the monetary field the states of North and South America have accumulated large holdings of gold, and as a result are in a better position now than ever before to establish their finances on a gold basis. In

banking, the exchange rates of the American Republics are at a premium with respect to Europe, because of the great excess of exports. To encourage our mutual banking transactions, the financial institutions of the United States have set up almost sixty branches in the other American Republics, a number far exceeding those established on any other continent. Your Latin-American banks, located in thirty-one different cities, have made connections with some of the strongest banks in the United States. The Pan-American nations, therefore, have additional facilities for transacting foreign trade, and the dollar draft is a new instrument in our commerce with each other. The Federal Reserve System, which at the time of our 1915 meeting was timidly feeling its way, is now organized so as to be able to foster the commerce of the American Republics.

The financing of public improvements has been aided by our bankers to some extent, notwithstanding the grave times when Europe was drawing heavily on the credit resources of the United States. The bonds of several governments (Argentina and Panama) and of several cities (Rio de Janeiro and Sao Paulo) have been placed in the United States investment market. Some of your private enterprises (Central Railroad of Argentina and Brazilian Light and Traction) have obtained funds in our market when Europe could not respond. Your commercial bills of credit have found a ready market in the United States. Our Federal Reserve Banks had, according to recent figures, over $300,000,000 of acceptances in their portfolios, of which South American drafts formed a goodly fraction, whereas at the time of our meeting in 1915 there was no American acceptance market. The last five years' development have facilitated direct banking and exchange between the American Republics.

In our tariff relations, the United States had prior to the first meeting of the Pan-American Financial Conference, put on its free list your great staples—wool, hides, leather, beef, cereals, and coffee, and the great trade in these commodities was due in no small measure to the removal of the restrictions on imports into the United States.

Owing to the subordination of commercial to military requirements ships were put into the trans-Atlantic service during the war, and our merchant marine was unable to serve you adequately. Progress in this direction is the subject of earnest consideration of the United States Shipping Board. The full possibilities of the Panama Canal in increasing intercourse between the two Americas and between them and the rest of the world—all on a basis of equality—could not be realized during the war. Only with the restoration of normal conditions of trade will the profound influence and value of the canal be apparent.

OPPORTUNITY OF THE AMERICAS FOR WORLD SERVICE

The marvelous prosperity the Americas have enjoyed has given us, united, great capacity for service to the world. Europe, ravaged by war, hungry and destitute, yet still strong in recuperative power, needs our materials. The task is a common one for the Americas. We, the American republics, are partners in responsibility and should be coöperators in a great enterprise. We must, to the extent of our ability, aid Europe promptly, generously and on sound economic lines.

Reference was made at the outset of this report to the proposal made by Dr. Tejada, of Bolivia, for the taking over by the United States of Latin-American loans held in Europe. In supporting his proposal Dr. Tejada said that such a plan would not only aid Europe but would materially help Latin-America. Former Secretary of the Treasury William G. McAdoo, he said, in his address to the Congress, had made clear that the United States must make loans to Europe and that the Latin-American financiers placed great confidence in the superior intelligence and experience of Mr. McAdoo. They knew him, said Mr. Tejada, and recognized in him the founder of that phase of Pan-Americanism which had taken form in this Congress.

Latin-America, he said, agreed that the United States must help Europe as all the economic problems of the world hinge on the reconstruction of Europe but that direct loans were not now practicable. The situation was hampered, he continued, by the problem of exchange.

"The dollar is not of less value" he said, "although its buying power may have been affected by the high cost of living. But other money has lost value in comparison with the dollar. We must normalize exchange by production, economy and export and also by credit. One is a matter of time and the other one of finance; capital granted as credit, is only time loaned to the debtor.

"All Latin-America has been financed by Europe. As debtors we bear the moral obligations to return the savings of Europe when she needs them. If the United States decided to grant help

to Europe, let her do it by allowing Latin-America to pay its obligations to European countries.

"This method would allow Latin America to take advantage of the condition of exchange and would work no harm to Europe as the exchange situation must be adjusted before her reconstruction can begin. And no advantage would accrue to Europe by keeping her South American securities because they will not be worth more later. On the other hand, there would be created a market for European securities as the South American countries, in paying their obligations, would buy the money of those countries, thus tending to stabilize exchange.

"If you thus allow Latin-America to pay her debts with economy the results of that economy you may be assured will be invested in the construction of railroads and development of other industries." Mr. Tejada recommended that the banking interests of the United States study this proposal for new Latin-American loans.

MEXICO'S ECONOMIC SITUATION

Enrique Martinez Sobral, of Mexico, at the request of American members of the Mexican group, outlined the economic situation of that country for the benefit of the conference. He laid emphasis on the fact that Mexico now was firmly established on a gold basis and that it had approximately $100,000,000 gold in circulation.

In fact, he said, gold was the only medium of exchange as even the fractional silver currency, issued to facilitate commercial transactions, had been withdrawn from circulation because of hoarding induced by the high price of silver. He declared that in the last three years the depreciated Mexican paper currency which had fallen at times as low as one-tenth of one cent on the peso in comparison with the dollar had been successfully retired.

"A country," he said, "which has passed through such an ordeal as Mexico and which can so rebuild its finances, is worthy of confidence. Mexico is making a strong effort to repay investments and to do the best it can in spite of the lack of foreign capital."

It must be borne in mind, he said that the world war reduced the amount of capital for foreign investment and that Mexico has had five or six years of internal war but that Mexico was picking up and returning to normal. He said the gold production of 1918 was 25,000 kilograms as compared with 8,000 kilograms in 1914 and now was about the same as it was ten years ago. Mexico produced 2,000,000 kilograms of silver in 1918 as compared with 800,000 in 1914.

Reports show imports of 164,000,000 pesos and exports of 365,000,000 pesos in 1918 and the larger part of this trade is with the United States.

THE PROBLEMS OF BRAZIL

Dr. Carlos Sampaio, chairman of the Brazilian delegation, addressed the conference on the problems of Brazil as a debtor nation. After outlining the effect of the war on Brazil, he declared that Latin-America was the proper field for North American enterprise.

"I can declare," he said, that the programme of the Brazilian Government is to reduce public expense, improve the fiscal system, realize the equilibrium of the budget, contract loans exclusively for reproductive purposes, reorganize the banking system to give more elasticity to the currency and abandon once for all the practice of issuing inconvertible currency.

"By so doing we will gradually effect a sane basis of our monetary system and the improvement of our finances. Our purpose will be to increase production and reduce imports, to stabilize exchange, pay interest on loans and fill the gaps left by deficits.

"The prosperity of a nation is related to its capacity for production depending upon land capital and labor. The land we have in rich abundance. We have not as yet explored two thirds of it and it will be for us to follow the example of the great American who discovered the Roosevelt River in northern Brazil. Of capital we have not enough and are obliged to look to other coun-

tries. Our man power is not sufficient but men will come to us if only to get away from the muddled conditions of Europe."

"What we wish to see now," Dr. Sampaio declared, "is Americans at work in Brazil with their own money as the Chicago packers are now developing our meat industry and as the smelters are trying to do with iron ore and manganese."

Dr. Sampaio alluded to the blow to the Brazilian rubber industry which the cultivation of rubber in the Orient had dealt and urged that America aid to further develop the Brazilian product.

"Money is also a raw material" concluded Dr. Sampaio, "and we Latin American countries need this raw material to have the honor to help in the reconstruction of the world. We must consolidate and increase commercial interchange between your country and ours and to effect this better ocean transportation is a primordial necessity."

RECOMMENDATIONS OF GROUP COMMITTEES

The national group committees of the Second Pan-American Financial Conference formulated recommendations which will tend to the immediate improvement of trade facilities and transportation between Latin-America and the United States. These recommendations were submitted to the general resolutions committee of the conference to be embodied in the general recommendations submitted to the conference as a whole. These general recommendations were formulated by a sub-committee of the resolutions committee composed of John Bassett Moore, chairman; Dr. Luis Izquierdo of Chile, Dr. Eusabio Ayala of Paraguay, Dr. Luis Toledo Herrarte of Guatemala, John H. Fahey, Frank A. Vanderlip, and Paul M. Warburg.

Several loans to South American countries were recommended to American bankers by the group committees. The Ecuadorean group adopted resolutions approving of the report of Dr. Luis Borja, a member of the group providing for the refunding of the present internal and external debt of Ecuador as a means to the improvement of the republic's credit, enabling it to secure the required capital for the development of resources. Dr. Borja's report asks for a loan of $50,000,000 for refunding the debt and developing transportation systems.

The Ecuadorean group also recommended to the larger American banks the desirability of establishing branches in Ecuador to improve credit facilities and exchange of investment information. The belief also was expressed by the committee that the extension of the open discount market for acceptance would aid in financing Ecuador for trade and tend toward the education of investors in the field of foreign loans and develop business between Ecuador and the United States.

Discussion in the Nicaragua group was confined to plans for a railroad opening the country from the east coast and connecting the Atlantic and Pacific and the establishment of a system of land banks in which American capital may become interested. The group recommended to American capitalists the building of a railroad line from San Miguelito to Monkey Point Harbor and expressed the belief that such a project would likely justify itself economically. This project would cost approximately $5,000,000. Dr. Adolfo Cardenas, a member of the delegation, was one of the engineers who made the preliminary survey for this road and was able to furnish first-hand information as to routes and costs.

The details of the land bank recommended were left for future determination, both the Egyptian and Indian systems being considered as it became apparent that the American Farm Loan Banks would not serve as a workable model.

The Bolivian group approved for consideration of American bankers loans to provide funds for building additional transportation facilities to link the mining and industrial districts in the western part of Bolivia with the agricultural section in the eastern part and provide sanitary measures in the



Banquet of the Second Pan-American Financial Conference

larger cities. The recommendations were made in view of the fact that Bolivia with enormous undeveloped resources has a debt of but $7.45 per capita, and are in addition to the recommendation for a loan of $5,000,000 for completing the Pan-American Railroad from Atocha to Tupiza. The amount of the additional loans was left to be arranged between American bankers and the Bolivian Government.

The committee entrusted to Harry F. Guggenheim, a member of the group, a message to the Bolivian people expressing thanks for the sending of the distinguished delegation to the conference.

Dr. Eusabio Ayala, Finance Minister of Paraguay, presented to that group the necessity of his country for loans to develop transportation facilities and to provide for handling immigration. He announced that a definite proposal to establish 2,000 Belgian families in Paraguay has been made, but that while colonization was proceeding steadily it was difficult to establish new communities until better internal and external transportation facilities were provided by foreign capital. Dr. Ayala dwelt upon the possibilities of Paraguay as a cotton producer but declared agricultural improvement waited on highways, small railroads and improvement of traffic facilities on the Paraguay River.

The Peruvian group recommended that the whole traffic situation between Peru and the United States be submitted to a traffic expert who should be instructed to report to the Peruvian Government, the Pan-American Financial Congress, the U. S. Department of Commerce and the U. S. Shipping Board, in order that means might be found to meet the situation. It was pointed out that while the Government and merchants of Peru desired to increase trade with the United States, ocean traffic between the countries now was limited to the capacities of two steamers, that freight rates are so high as to discriminate in favor of goods shipped from Europe and the Orient and that failure to provide through

transport would drive Peruvian merchants to buying in other markets.

The Chilean group report, after commenting favorably on the reanimation of the nitrate industry and the adoption by Chile of the gold standard, declared that it is important to strengthen the bond between North and South America, that steps be taken to enable Latin-American banks to open branches in the United States as well as that American banks go to South America.

The committee recommended that foreign banks in Chile when making loans endeavor to do so through medium of direct obligations with fixed maturities rather than through overdrafts in running account, and that the banks of both countries exchange credit information. It is also recommended that the dollar exchange be quoted on the exchange at Santiago and Valparaiso.

It was agreed that modification of the Chilean laws to permit longer franchises to companies developing electric power and other investments requiring large outlay of capital, was advisable to permit a life of eighty years before installations should revert to the Government. It was also recommended that the Webb Law be amended to allow American companies to join associations formed to protect the interests of importers.

The Brazilian group recommended that further consideration be given conventions recommended by the International High Commission which would obviate taxes upon commercial travellers and samples in individual Brazilian states, and that the convention for a gold clearance fund be revised in view of war experience and then ratified.

Extension of the parcel post distribution in Brazil was recommended and an arrangement made for the division of parcel post receipts.

Suggestion was made that there be established an international training ground for the development of an international aviation service with the idea of establishing an international aerial postal service including parcel post.

The group agreed that improved methods of wire and wireless communications are necessary for material advancement in commercial relations and made recommendations that steps be taken to insure direct cable communication with Brazil either by a line along the east coast or by extension to the present line to Colon and that government controlled wireless stations be established in Brazil and the United States to facilitate communications. The committee recommended the appointment of commissions by the government concerned to study technical details.

Recommendation was made to the countries of the Americas that permissive legislation be enacted to authorize the establishment of free ports or zones in any port to facilitate transshipment trade, having regard to local conditions, laws and contracts and the possibility of contraband activities.

The report declares that the banking and financial situation needs intensive study with the idea of formulating a comprehensive financial plan to meet the situation. Brazil must be dependent for some time for the construction of railroads and the carrying out of public improvements although the banking facilities are well developed and ordinary commercial needs well served.

The report says: "Considering the world's present need of raw materials it would seem that Brazil and other producing countries should receive consideration in their needs for capital for the development of natural resources."

The group adopted resolutions declaring that the relations between North and South America are so important and the possibilities of development of trade along the east coast of South America are so great that passenger-ships capable of eighteen knots an hour and of 20,000 tons burden are necessary and that service to ports not capable of receiving steamers of such size be handled by transshipment. Governments involved are urged to appoint commissions to study ocean passenger, freight and mail service and combination between trans-oceanic and coastwise shipping.

Standardization of railroad equipment and rates and tariffs also is urged.

The recommendation of the Cuban group recite that under ordinary conditions Cuba can meet her competitors in the markets of the world but that should some of the European countries, in order to help pay their war indemnities, revive their former policy of paying bounties to sugar producers or unduly aiding them in any way, it would place Cuba and other sugar producers of America in an unfortunate position which would react seriously on the United States. The group recommended that Pan American countries individually and collectively take steps to forestall attempts to introduce bounties or subsidies which would in substance amount to unfair competition.

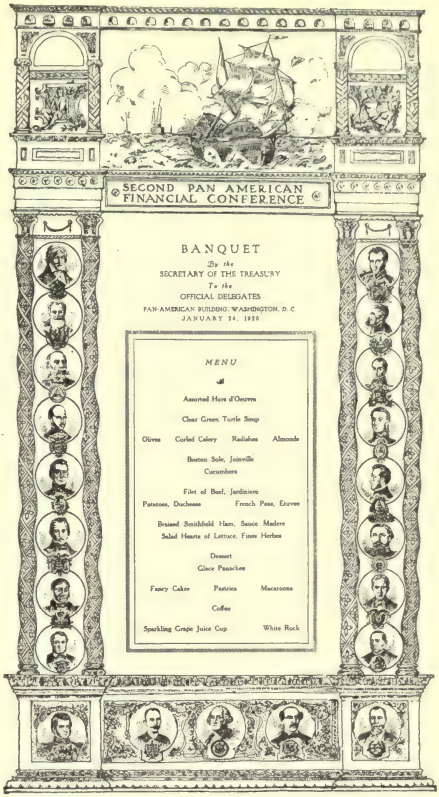
The recommendations also urge improvement of tourist accommodations and urge governments and companies establishing steamship lines to make Cuban cities ports of call.

The report states that Cuba prospered during the war and that it is not unreasonable to suppose, in view of her trade balance, large surplus profits, and the fact that she is buying back her own securities indicates that Cuba may even figure as a creditor nation and be in a position after providing for her own requirements to furnish some credit to the outside world.

The report dwells on the assistance rendered the Allies in the war by Cuba through the increase of sugar production.

The Conference Committee for Salvador emphasized the importance of developing better steamship service between the United States and Salvador, recommending the inauguration of a monthly steamship service from some Atlantic or gulf port direct to Salvador, passing through the Panama Canal.

The committee expressed appreciation of the need for the completion of the connecting link of railway joining together the cities of Santa Ana in Salvador with Zacapa in Guatemala. This would result in through rail service to the Atlantic seaboard. The journey from Salvador to New Orleans and New York would accordingly be cut to five and eight days respectively.


SECOND PAN AMERICAN FINANCIAL CONFERENCE

BANQUET

By the
SECRETARY OF THE TREASURY
To the
OFFICIAL DELEGATES

PAN-AMERICAN BUILDING, WASHINGTON, D. C.
JANUARY 24, 1920

MENU

Assorted Hors d'Oeuvres

Clear Green Turtle Soup

Olives Curled Celery Radishes Almonds

Boston Sole, Joinville
Cucumbers

Filet at Beef, Jardiniere
Potatoes, Duchesse French Peas, Etuvee

Braised Smithfield Ham, Sauce Madere
Salad Hearts of Lettuce, Fines Herbes

Dessert
Glace Panachee

Fancy Cakes Pastries Macaroons

Coffee

Sparkling Grape Juice Cup White Rock

Menu of Banquet given by the Secretary of the Treasury to the Official Delegates

In the manner of increasing banking capital and investment facilities, the committee suggested that there be appointed a committee charged with the responsibility of making a careful study of the banking laws of Salvador and other Central and South American countries, with the view to suggesting such changes in these laws as will enable the banking systems to respond more readily and effectively to the seasonal and unusual demands of commerce and industry.

The Paraguayan group made a report showing that passenger and mail transportation between the United States and the River Plate countries was most unsatisfactory and vastly inferior to service from England, Italy, Spain and Germany. This situation, the

report stated, was imposing the greatest handicap on American business interests. Mail, it was shown, frequently took two months between United States ports and Montevideo. The group adopted a resolution strongly urging the U. S. Shipping Board to take immediate steps to establish fortnightly sailings of fast passenger and mail steamers between New York and the River Plate, running on a schedule as fast as between Europe and the River Plate ports.

John H. McIlheney, financial advisor of the United States to Haiti, who has just returned from that country, appeared before the Haitian group and reported that conditions in Haiti were both prosperous and stable at the present time, going to show the sincere desire on the part of Haiti to establish high rules of conduct and standard methods in dealing with trade and commerce.

The Salvadorean delegation adopted resolutions urging the establishment of a monthly trial service of a 5,000 ton steamer between New York or Boston and Salvador as a means of meeting transportation needs. The Salvadorean delegates also asked increased banking facilities and coöperation of American financial houses for facilitating commerce.

Dr. Adolfo Cardenas, of the Nicaraguan delegation announced that the Nicaraguan department of public instruction was making arrangements to bring to Nicaragua an American educator whose duty it would be to establish American methods in the public schools which have been largely increased in number.

"The friendly relations between the United States and Nicaragua," said Dr. Cardenas, "have enabled us to put our monetary system in such shape that our standard of value, the cordoba, now is on a parity with the U. S. gold dollar. The development of the coffee, sugar, cocoa and banana industries has assured the prosperity of the country which has been at complete peace. That peace will not be altered. Nicaraguans will not cease to regret that the United States did not build the canal connecting the Pacific and Atlantic through Nicaragua."

The entire idea of the conference of the Panama group as expressed by J. E. LeFevre, Panaman Charge at Washington, was that "whatever is good for the United States is good for Panama and whatever is good for Panama is good for the United States."

Dr. Juan Navarro Diaz of the Panaman delegation, in outlining the economic condition of his country, announced that the Government had decreed that there shall be established bonded warehouses to care for distribution of products throughout the various Latin American countries, thus insuring that the products reach the desired market at an opportune time and in good condition. Panama also has adopted the American negotiable instruments law and the legislators are willing at all times to grant reasonable and legitimate franchises to foreign capital, Dr. Diaz said.

He announced that the President of the Republic was authorized to grant exemption for fifteen years from export taxes to articles of Panaman manufacture and free importation of industrial machinery. "Since she has become a free nation, Panama has practically paid her external national debt," he concluded.

The committee for the Dominican Republic declared that the conference had shown that the financial condition of the Dominican Republic was excellent and that the development of the country demands the completion of the Government programme for road and port improvements and that negotiations of a loan of $5,000,000 to be secured by a first lien on all revenues other than receipts from duties on imports and exports is justified. The committee adopted resolutions endorsing the Government improvement programme and expressing belief that the trade agreement proposed by the Dominican Republic with the United States would be of benefit to the two countries and recommending its favorable consideration.

The committee also recommended that the Shipping Board include in its programme provision for adequate passenger and freight service from New York and New Orleans to Santo Domingo with rates commensurate with those extended to neighboring islands.

RESOLUTIONS ADOPTED BY THE SECOND PAN AMERICAN FINANCIAL CONFERENCE

The committee on resolutions has the honor to submit to the Conference the following resolutions in which the members of the committee unanimously concur:

I. RESOLVED: That, with a view more definitely to indicate the constituency and sphere of work of the International High Commission, the title of that body shall hereafter be "The Inter-American High Commission."

II. RESOLVED: That the conference adopts that part of the report of the committee on transportation and communication relating to maritime transportation, and directs its transmission to the United States Shipping Board for consideration and action; and that so far as concerns the subjects of railroad transportation, postal facilities, uniformity of bills of lading, and wireless, cable and telegraph communication, the report be transmitted to the Inter-American High Commission for suitable action.

III. WHEREAS, Banks, both national and state, in the United States, have established branches in various Latin American countries; and

WHEREAS, Restrictions exist under the laws of various states of the United States, which in effect prevent the operation of branches of foreign banks within their jurisdiction;

THEREFORE, We recommend that the legislation in such states be so modified as to permit the establishment of branches of banks of Latin-American countries, under proper regulations, so as to secure equality of treatment.

IV. RESOLVED: That the Inter-American High Commission be requested to study the question of the possibility of achievin uniformity and relative equality in the laws and regulations governing the organization and treatment of foreign corporations by the various American republics.

V. RESOLVED: That the conference recommend the increased use of acceptances for the purpose of financial transactions involving the importation and exportation of goods, and hopes that, with the passing of the period of readjustment in which nations are now engaged, the United States will offer a constantly widening market for the long time securities of American countries.

VI. RESOLVED: That the Inter-American High Commission be requested to continue its efforts to bring about the adoption of the plan recommended at Buenos Aires in 1916, for the establishment of an international gold fund, such plan having already been embodied in a convention which has been adopted by several of the American republics.

VII. RESOLVED: That steps having heretofore been taken to bring about the adoption by the American countries of a uniform law in regard to bills of exchange, the conference requests the Inter-American High Commission to bring to the notice of the American Governments the desirability of adopting a uniform law on the subject of checks.

VIII. RESOLVED: That in view of the increase and diversification of taxes in the various American countries, the Inter-American High Commission be asked to study the question of the best method of avoiding the simultaneous double taxation of individuals and corporations as between such countries.

IX. WHEREAS, The International Bureau, at Havana, for the registration of trade-marks, as provided in the convention adopted by the Fourth International American Conference at Buenos Aires in 1910, has been opened and is in successful operation,

RESOLVED: That the conference recommend the early ratification of that Convention by all the American countries that have not so far ratified it, to the end that its provisions may be effective throughout the Americas.

Meanwhile, it is suggested that, pending the establishment of the International Bureau at Rio de Janeiro, consideration be given to the use of the Havana Bureau by countries of the Southern Group that have ratified the Convention.

X. RESOLVED: That the conference recommends the early ratification by the American republics, so far as they have not already ratified, of the convention adopted by the International American Conference at Buenos Aires in 1910, concerning patents and copyrights.

XI. RESOLVED: That the conference recommends that the Webb Law be so amended as to permit American companies, importing or dealing in raw materials produced abroad, to form, under proper governmental regulations, organizations to enable such companies to compete on terms of equality with companies of other countries associated for the conduct of such business.

XII. RESOLVED: That the conference recognizes the value of the services of commercial attaches, and strongly urges a substantial extension of the system.

In making this recommendation, the conference intends to express its sense of the

importance of appropriate training, linguistic and otherwise, for all branches of the foreign service, as a means of developing and facilitating commercial and financial relations.

XIII. RESOLVED: That a simultaneous census should be taken in all the American countries at regular intervals not exceeding ten years, in harmony with the system prevailing in the United States, and that uniformity should be observed in the preparation of statistical works.



L. S. ROWE

Assistant Secretary of the Treasury
Secretary General Pan-American Financial Conference

XIV. RESOLVED: That the conference recommends that the Metric System of weights and measures be universally employed, and that, pending the attainment of that end, articles weighed and marked, and shipping documents prepared, according to the system of weights and measures now prevailing in the United States, should be accompanied with statements giving the equivalents under the Metric System.

XV. RESOLVED: That the plan of arbitration of commercial disputes put into effect between the Bolsa de Comercio of Buenos Aires and the United States Chamber of Commerce, and since adopted by the chambers of commerce of several other American countries, should be extended to all the American countries, and that legislation should be adopted, wherever it is now lacking, for the purpose of incorporating the arbitral settlement of commercial disputes into the judicial system, to be carried out under the supervision of the courts.

XVI. RESOLVED: That the Inter-American High Commission be requested to study the question of the creation of an Inter-American Tribunal for the adjustment of questions of a commercial or financial nature, involving two or more American countries, and the determination of such questions by principles of law and equity.

XVII. RESOLVED: That it being in the interest of all nations that there should be the widest possible distribution of raw materials, the importation of such materials into any country should not be prevented by prohibitive duties.

XVIII. RESOLVED: That it is recommended that the banking interests of the United States study the possibility of financial relief to Europe by repaying Latin-American obligations held in Europe by means of new loans granted in the United States to the respective Latin-American countries.

CONCLUDING CEREMONIES

The conference ended with a banquet given by the Secretary of the Treasury at the Hall of the Americas of the Pan-American Union building, Vice-President Marshall being one of the principal speakers. Concluding messages were spoken by Hon. L. S. Rowe, secretary general of the conference, and by Dr. Domingo E. Salaberry, Argentine Minister of Finance, both addresses being presented below.

REMARKS BY HONORABLE L. S. ROWE, SECRETARY-GENERAL OF THE SECOND PAN AMERICAN FINANCIAL CONFERENCE, AT THE DINNER ON SATURDAY, JANUARY 24, 1920

In spite of the late hour there are two matters that I have on my mind, and that are very close to my heart and which I desire to express to you. First, an expression of the deep sense of privilege which I have felt in being associated with the work of the great conference which has just come to a close at Washington, and secondly an equally warm expression of thanks and appreciation for the warm and earnest coöperation and helpful assistance which you have given to me at every stage of the work.

I realize how inadequate my services have been, and have felt deeply grateful for the generous and helpful spirit which has characterized the activities of every official delegate of the conference.

As I look back upon the period which has elapsed since the first conference in 1915, I realize how long a distance we have traveled toward a truer and more fruitful interpretation of the spirit of Pan Americanism. We are slowly but surely emerging into that interpretation of international relations on the American continent which means so much to us, and which means still more to the world at large. With each year the spirit of mutual helpfulness is growing stronger. In spite of many obstacles, America is steadily moving toward a realization of her manifest destiny in the affairs of the world; a demonstration of the fact that enlightened self-interest means a readiness on the part of each of the republics of the American continent to be helpful to one another. By so doing they can best advance their own prosperity and at the same time carry to a higher level the civilization of the American continent.

REMARKS BY DR. DOMINGO E. SALABERRY, ARGENTINE MINISTER OF FINANCE

Mr. Secretary of the Treasury, Gentlemen:

In the name of the Latin-American delegations of this conference, who have confided to me the honor of representing them on this occasion, I wish to say a few words, to express our feeling of gratitude for the attentions and entertainment which have been showered upon us by the authorities and the men of this country, and to tell you how sincere are the sentiments of firm confidence and increased sympathy with which they have inspired us.

These sentiments are so unanimously entertained by us all, that I have not hesitated an instant in accepting this kindly charge of my colleagues of the several delegations, convinced that in thus speaking I am a faithful interpreter for all.

The success of this conference, as of those that have preceded it, can not be measured by the more or less effective accomplishment of its programme, nor by the number or character of the treaties or laws that may eventually be adopted in consequence of its recommendations. Ideas and necessities change frequently, and with them the programmes are modified.

There is something more definite and lasting than all of these things: it is the nearness; the direct communication among men of different countries; the verbal and reciprocal expression of their needs and wishes.

It is from this direct exchange of ideas and the daily and regular contact, even though for a few days only, that are born the deep sympathy and reciprocal understanding that make more for good and solid international friendship than all the laborious diplomatic combinations worked out in the twilight of cabinet and chancery.

To make more certain this result, the Government of this country has evidenced great care in the selection of the men who were to be associated with us in the study and solution of all the economic and financial problems now so urgent; these men are all prominent figures in the foreground of this wonderful scenario.

From such an interchange can only come moral and material benefits for all countries here represented.

It is well, then, to make permanent and regular these conferences, whose existence is already fairly established through the continuous influence of the International High Commission, in order to strengthen day by day the ties between our countries, and to build more and more firmly upon its already deep and strong foundation the true American solidarity.

So, gentlemen, let us drink to:

The United States of America,
The President,
The Secretary of the Treasury.

Social functions included a luncheon at the Pan-American Union Building, tendered by the Secretary of the Treasury, a reception by Secretary Lansing, by the Cuban Minister and the Argentine Ambassador, and the final banquet already mentioned. Following the conference the official delegations were taken to Philadelphia and New York, and in the latter city were entertained at a luncheon at the Bankers Club and at a dinner given by the Pan-American Society.

SECOND PAN - AMERICAN FINANCIAL CONFERENCE OFFICIAL DELEGATIONS

ARGENTINA

His Excellency Dr. Domingo E. Salaberry, Minister of Finance of the Argentina Republic.
Dr. Ricardo C. Aldao,
Mr. Luis E. Zuberbühler,
Dr. Alejandro Bunge, Consulting Expert;
Dr. Pedro Palacios, Secretary;
Dr. Eduardo Ocantos, Attaché;
Dr. Jacobo Waismann, Attaché;
Dr. Fernando Sagui Dodson, Attaché;
Dr. Adolfo Porkert, Attaché.

BOLIVIA

Dr. José Luis Tejada,
Dr. Heriberto Gutiérre,
Dr. Ricardo Martínez Vargas,

Mr. Jorge Gutiérrez L., Secretary Bolivian Consulate, New York City;
Mr. Eduardo Rivas, Secretary, Consul of Bolivia, New Orleans, La.

BRAZIL

Dr. Carlos César de Oliveira Sampaio,
Dr. Manuel Coelho Rodrigues, Secretary.

CHILE

Dr. Luis Izquierdo, Chairman.
Mr. Samuel Claro L.,
Dr. Alberto Edwards,
Dr. Victor V. Robles,
Dr. Arturo Lamarca Bello, Secretary.

COLOMBIA

His Excellency, Dr. Pomponio Guzmán, Minister of Finance of Colombia;
Dr. Tomás Surí Salcedo,
Mr. Ernesto Cortísso, Attaché.

CUBA

His Excèllency, Dr. Carlos Manuel de Céspedes, Minister of Cuba at Washington;
Dr. Carlos Armenteres y Cárdenas, Assistant Secretary of Agriculture, Commerce and Labor;
Mr. Luis González de Mendoza y Freyre de Andrade.

DOMINICAN REPUBLIC

His Excellency, Dr. Luis Galván, Minister of the Dominican Republic at Washington,
Lieut. Commander Arthur B. Mayo, Financial Adviser.

ECUADOR

His Excellency, Dr. Rafael H. Elizalde, Chairman, Minister of Ecuador at Washington.
Dr. Luis Felipe Borja,
Mr. Gustavo R. de Yucaza.

GUATEMALA

His Excellency Dr. Luis Toledo Herrarte, chairman, Minister for Foreign Affairs of Guatemala;
Mr. Manuel Echeverría y Vidaurre,
Dr. Virgilio Rodríguez Beteta.

HAITI

His Excellency, M. Fleury Féquière, Minister of Finance of Haiti;
M. Horace Ethéart,
M. Fernand Dennis.

HONDURAS

Mr. Ignacio Agurcia,
Dr. Antonio López Villa,
Gen. Juan E. Paredes.

MEXICO

His Excellency, Sr. Ing. Ygnacio Bonillas, Ambassador of Mexico at Washington;
Dr. Enrique Martíne Sobral,
Dr. Bartolomé Carbajal y Rosas,
Dr. Salvador Urbina, Secretary;
Mr. Alberto Centeno, Attaché
Mr. Julio Poulat,
Mr. Ing. Francisco Baldés.

NICARAGUA

His Excellency, Dr. Octaviano César, Minister of Finance of Nicaragua;
Mr. Adolfo Cárdenas,
Mr. Abraham L. Lindberg.

PANAMA

Mr. Josè Agustín Arango,
Mr. Luis E. Alfaro,
Dr. Juan Navarro Díaz.

PARAGUAY

His Excellency, Dr. Eusebio Ayala, Minister of Finance of Paraguay;
Mr. Enrique Bordenave,
Mr. Rodney Croskey.

PERU

His Excellency, Dr. Fernando C. Fuchs, Minister of Finance of Peru;
Mr. Pedro Dávalos y Lisson,
Mr. Ricardo Bullen.

SALVADOR

His Excellency, Dr. José Esperanza Suay, Minister of Finance of El Salvador;
Dr. Reyes Arrieta Rossi.

URUGUAY

His Excellency, Dr. Ricardo Vecino, Minister of Uruguay;
Dr. Jacobo Varela Acevedo, Minister of Uruguay at Washington;
Dr. Florencio Aragón y Etchart.

VENEZUELA

Dr. Vicente Lecuna, chairman, Presidente of the International High Commission, National Section of Venezuela;
Mr. Henrique Pérez Dupuy,
Dr. Nicolás Veloz Goiticoa.

The Problem of Americanization

What the Banker Can Do to Help

By Victor A. Lersner

Comptroller, Williamsburgh Savings Bank, Brooklyn, N. Y.

IN the much-referred-to- dialogue between Dr. Johnson and Oliver Goldsmith, in which the former expressed his hatred of a man he had never met, the Doctor said, "Goldy, I hate that man." Goldsmith returned, "You don't even know him," which brought from the Doctor the admission that that was true, and that if he did know him the likelihood was that he would be fond of him.

This historic incident, exemplifying as it does the attitude of disfavor for another due solely to the absence of any knowledge, very much suggests a reason for the presence to-day of much of what is denominated "social unrest," and rather invites the question whether we are not all suffering from deficiency of education, not as the term applies to directed training of the mind in academic matters, but the education which considers the systematic development and cultivation of the normal powers of feeling and conduct, so as to lend them efficacy in some particular form of living, or for life in general.

What we all need in a larger measure is an increased knowledge of the other man's viewpoint, and a more sympathetic sense of the reason for his views.

Labor and capital have started this attractive method through the employment of "industrial democracy" in some conspicuous instances.

Society, even in its widely separated extremes, has acquired a new understanding of a brotherhood spirit through the leveling influences of the war.

This is true of our attitude toward other nations of the world; it is bound to become true of our relationship man to man with the foreign-born in America who in the past have had to shift for themselves because of our lack of sympathy and our misunderstanding of them.

The unselfish and laudable action of The Inter-racial Council of No. 120 Broadway, New York, in teaching our foreign-born citizens real truth concerning American institutions and ideals, and in helping to interpret the foreign born to America, will take care of this great question to the extent to which American business men will lend their coöperation and support.

What the banks can do in the way of aiding this cause seems to be without limit and the main difficulty of their becoming a great factor might arise from the multiplcity of opportunities.

An ideal arrangement for a new business department in a commercial bank would be to have each member possessed of an intimate knowledge of some particular line of business so that when he approached a new prospect he would be able to talk in that person's own trade language. Such idealism would in its application seem to be excessively costly.

The explanation for this digression is merely to point out the advantage it would be to banks to have some means within their machinery by which present and prospective customers could have the enjoyment of conversing in their mother tongue.

Another equally important feature of the subject of the relation of banking to Americanization is to give consideration to the differentiation of the various forms of banking so that we might discover their respective possibilities of influence.

Banking organizations doing a discount and deposit business deal in the main with that element of our foreign born who have had advantages of experience which have afforded them a larger understanding of what our banking institutions are than is the case with the large mass of the foreign-born who have no commercial banking relations; and so it would seem from this reasoning that the point of contact

which carries the largest chance of prospect is in the savings banks. For savings banks deal with a vast number of people whose knowledge of what we stand for in the United States in the way of native institutions is next to nil. They come to us in almost countless numbers with their polyglot character, from countries where banking is generally conducted purely on a government basis. They are received into savings banks to meet a condition where we are able to communicate with them only in English and such human welcome as we might wish to display must be offered in manner—a miserable substitute for that heart-reaching effect that would come to these relative strangers through the sound of their native tongues.

I feel that this characterization of the savings banks' intercourse with the foreign-born depositor is truly typical. What is the practical remedy? Providing the savings banks are sincerely intent upon a remedy.

We need not trouble ourselves with speculative conclusions, but rather adopt the established practice of some of our savings institutions that have given constructive treatment to the subject.

We have examples through the country in savings banks that through the establishment of competently equipped departments which are usually called "Bureaus of Home Economics," and which have gone a long ways toward caring for the fundamental requirements of Americanizing influence.

The primary object of these bureaus is to bring the personal human touch into savings bank activities and thus to relieve the situation from its prevailing mechanical character.

It is the linking up with the savings bank business of an attitude on the part of the bank to make the depositors feel that the bank is their bank. It is bringing to the impression of the depositors the feeling that their bank is a place where they can go for advice, and direction, and it is more than this, for these bureaus do not content themselves with waiting for advice to be sought, rather they go out into the field of their depositors to offer advice.

The quality of service that has been rendered by these departments can only be known by those who are a part thereof and who are realizing the benefits that must flow in both directions.

They are educational agencies of the very highest type. They are humanizing influences of the most desirable order. They are profitable features to the savings bank business, not only in the way of improving the quality of citizenship in the creation of new wealth through the decrease of waste born of ignorance, but they have brought into the banks' assets that value which does not display itself solely in so many dollars or deposits, but of that unexpressed and inexpressible confidence in and personal relationship to the bank in which their money lies.

The wealth of merit that lies in our savings bank system is one that could well be taught to the ignorant classes of our population.

If we can devise some method of disseminating the truth of our inherent quality we could spare these masses from the yearly losses that assume a tragic size, and add them to that vast army of savings bank depositors who contribute their small savings to that flow of funds that leads down to the rivers of money which cause all the wheels of industry and business to go round in just such speed and force as is provided from the first agency, the savings of the people.

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Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts Upon Questions of the Law of Banking and Negotiable Instruments.

Bank not Liable in Paying Checks on Forged Indorsements

Pannonia Building & Loan Assoc. v. West Side Trust Co. of Newark, Court of Errors and Appeals of New Jersey, 108 Atl. Rep. 240.

ORDINARILY a bank is liable to its depositor where it pays a check drawn by the depositor, upon a forgery of the payee's indorsement, but there are circumstances in which a bank may be relieved from this liability.

The plaintiff corporation in this case was a depositor in the defendant bank. The by-laws of the company required that checks drawn by it be signed by three officials, one of whom was the treasurer of the company. The treasurer, by falsely representing that applications for loans had been made and approved, secured checks, payable to the alleged borrowers, which he indorsed and collected. There were 32 checks in all and the treasurer's fraudulent operations extended over a period of more than four years. After the checks were paid they were returned by the bank, with the company's balanced account, to the treasurer. It appeared that the fraud could have been detected in its early stages had there been a proper examination of the statements returned by the bank and the cancelled vouchers by anyone other than the treasurer. Such an examination would have disclosed that all of the thirty-two checks had been paid to the treasurer individually and would have necessarily led to inquiry and investigation. The court decided that the corporation was negligent in not properly examining its bank statements and accounts and that this negligence relieved the bank from the liability to which it would otherwise have been subjected.

OPINION

Action by Pannonia Building & Loan Association against the West Side Trust Company of Newark, New Jersey. Judgment for defendant, and plaintiff appeals. Affirmed.

WALKER, C. This is an appeal from a judgment entered in the Supreme Court in a cause tried before Hon. Frederic Adams, circuit court judge, without a jury, the cause having been referred to him under the statute. The trial judge made certain findings of law and fact, which were made a part of the postea and judgment record. While it is quite usual in cases tried before a judge without a jury to submit requests for findings of law and fact, that appears not to have been done in this case. Any findings requested herein must have been made in the oral arguments presented to the trial judge, who found for the defendant and against the plaintiff.

This action was brought by the Pannonia Building & Loan Association, a corporation, plaintiff, to recover from the West Side Trust Company, a banking corporation, defendant, the sum of $3,141.12, together with interest and costs. This sum is the amount of money paid out by the trust company, defendant, upon certain checks, each drawn to the order of a shareholder of the building and loan association, plaintiff, each bearing the signature of the plaintiff's president, secretary, and treasurer, and upon each of which the signature of the named payee was forged, and charged by the defendant to the account of the plaintiff.

The plaintiff kept its bank account with the defendant throughout the period from June 20, 1911, to November 25, 1915, during which the checks in question were issued by plaintiff, paid by the defendant, and charged by the defendant to the plaintiff's account.

The plaintiff's treasurer during this time was Daniel Szedlak. As treasurer he was one of the three persons who signed the plaintiff's checks.

The by-laws of the plaintiff corporation gave to its shareholders the right to borrow money, and if, upon proper application, a loan was granted, the borrower was required to give his note to the plaintiff, and would thereupon receive from it its check, drawn on the defendant.

The checks, 32 in number, upon which the payments in question were made, were drawn and issued between the dates just mentioned. Each was signed by the president, secretary, and treasurer of the plaintiff corporation. No one of the checks was ever delivered to, or indorsed by, the payee therein named. In each case the name of the payee, as indorsed, was forged. Below the forged indorsement of the named payee was the indorsement of Szedlak, but in no instance was he there designated as treasurer. They were the individual indorsements of Szedlak. Such checks were delivered to the defendant bank by Szedlak, and the defendant thereupon received them and credited the amount of each to the individual account of Szedlak or paid the amount of each to him in cash. The defendant thereupon charged the amount of each of the checks to the plaintiff's account with defendant.

The fraud appears to have been carried out wholly by Szedlak. The first step toward carrying it out was taken by Szedlak when he represented to the other officers of the plaintiff that he had an application for a loan from a certain stockholder. Having obtained the approval of such alleged loan, the secretary drew a note for the signature of the named borrower, and Szedlak signed upon such note the name of such pretended borrower. Upon the presentation of the supposititious application for a loan, the secretary drew a check, naming as payee the supposed borrower, affixed his signature thereto, and obtained the signature of the president. The check was thereupon delivered to Szedlak, as treasurer, for his signature, and for delivery by him to the supposed borrower. Then followed the forgery by Szedlak of the payee's name as indorsed, and the delivery of the check to the defendant, as above stated.

After payment of such checks by the bank, and upon balancing the loan association's account, its bank book and all vouchers were returned to Szedlak, the treasurer.

Vice Chancellor Emery, in Farry v. Farmers' & Mechanics' Bank of Matawan (Ch.) 58 Atl. 305, observed, at page 306, that in ordinary circumstances, a passbook written up by a bank and delivered to a depositor, together with the vouchers, will be treated as an account stated, if retained by the depositor without objection after a reasonable time for examination—citing authorities. This is obviously correct. Here, as in the Farry Case, the transactions extended over a period of years; and there, as here, the account was balanced many times, and vouchers were returned with the passbook. There were no objections to the accounts in either case during the long periods in which they ran.

In Leather Mfrs.' Natl. Bank v. Morgan, 117 U. S. 96, 6 Sup. Ct. 657, 29 L. Ed. 811, it was held that when a bank depositor sends his passbook to the bank to be written up, it is his duty upon its return, either in person or by a duly authorized agent, to examine the account and vouchers returned, within a reasonable time, and give to the bank timely notice of any objections thereto. If he fails so to do he may be estopped from questioning the conclusiveness of the account. If the examination is made by an agent, it must be done in good faith and with ordinary diligence; and where such agent himself commits forgeries which mislead the bank and injure the depositor, the latter is not protected in the absence of at least reasonable diligence in supervising the conduct of the agent. And Mr. Justice Harlan in delivering the opinion observed that the court must not be understood as holding that the examination by the depositor of his account must be so close and thorough as to exclude the possibility of any error being overlooked by him; nor did they

mean to hold that the depositor is wanting in proper care when he imposes upon some competent person the duty of making that examination and of giving timely notice to the bank of objections to the account, and that if the examination is made by such an agent or clerk in good faith and with ordinary diligence, and due notice given of any error in the account, the depositor discharges his duty to the bank; but when, as in the case before the court, the agent commits forgeries which misled the bank and injured the depositor, and therefore has an interest in concealing the facts, the principal occupies no better position than he would have done had no one been designated by him to make the required examination; without, at least, showing that he exercised reasonable diligence in supervising the conduct of the agent while the latter was discharging the trust committed to him, and that, in the absence of such supervision the mere designation of an agent to discharge a duty resting primarily upon the principal cannot be deemed the equivalent of performance by the latter.

In First Natl. Bank v. Richmond Electric Co., 106 Va. 347, 56 S. E. 152, 117 Am. St. Rep. 1014, it is laid down that a clerk is not the agent of his principal in the commission of a forgery, and his knowledge cannot be imputed to the principal, but, after forged checks have been paid and returned to the depositor as vouchers, along with his account written up and balanced according to usual business methods, if the depositor assigns the duty of examining such vouchers and account to the same clerk, who has had an opportunity of committing a fraud and has done so, then such clerk, in the discharge of his duty, is the agent of the depositor, and the latter is chargeable with his agent's knowledge of the fraud.

The principles enunciated in these cases, applied to the facts above enumerated, make it perfectly obvious that the plaintiff loan association was negligent in not examining its bank passbook when balanced and the vouchers returned therewith, which included the forged checks in question; for, had it done so by any one or more of its officers, other than Szedlak, it would have discovered that all of these 32 checks had been ultimately paid to its treasurer individually, which fact alone would have put it upon inquiry which would have led unerringly to the detection of the fraud, and this in the earliest stages of its perpetration. As it was, the acceptance of these balanced passbooks from the defendant trust company many times during the period covered by the fraud, without protest or objection as to the forged checks, amounted to an account stated between the parties plaintiff and defendant herein, and worked an estoppel against the plaintiff. And it is remarked in Leather Mfrs.' Natl. Bank v. Morgan, supra, that parties to a stated account may be estopped by their conduct from questioning its conclusiveness, citing cases; and that, to promote the ends of justice, courts have sustained the general principle that where a duty is cast upon a person, by the uses of business or otherwise, to disclose the truth (which he has the means by ordinary diligence of ascertaining), and he neglects or omits to discharge that duty, whereby another is misled in the very transaction to which the duty relates, he will not be permitted, to the injury of the one misled, to question the construction rationally placed by the latter upon his conduct.

The law of these cases in no wise conflicts with our own case of Harter v. Mechs.' Natl. Bank, 63 N. J. Law, 578, 44 Atl. 715, 76 Am. St. Rep. 224, wherein the defendant bank was held not to be protected in the payment of a forged check in the particular circumstances, and it was laid down that the return to a depositor of his check with a forged indorsement, together with his balanced passbook, casts on him only the duty of exercising reasonable care and diligence to examine the vouchers and the account as stated by the bank, and to inform the bank of any errors thus discoverable; for it is apparent that the exercise of reasonable care and diligence in the examinatino of the accounts and vouchers in the case at bar would have discovered the errors and

entitled the bank to information concerning them. And it was held in the Harter Case that the implied contract on the part of a bank with its depositor is that it will disburse the money standing to his credit only on his order and in conformity with his directions, and therefore, if it makes a payment on a check to which his name has been forged, or upon his genuine check to which the name of a necessary indorser has been forged, it must be held to have paid out its own funds, and cannot charge the amount against the depositor, unless it shows a right to do so on the doctrine of estoppel or because of some negligence chargeable to the depositor. Now, in the case at bar there is testimony showing negligence in the depositor which raises an estoppel against it.

The case of Pratt v. Union Natl. Bank, 79 N. J. Law, 117, 75 Atl. 313, ought to be mentioned. The statute there referred to (P. L. 1908, p. 428) provides that no bank shall be liable to a depositor for the payment by it of a forged check, unless within one year after the return to the depositor of the voucher, such depositor shall notify the bank that the check was forged. This was not done in this case. One of the defenses herein pleaded was that all checks drawn by the plaintiff against its deposit with defendant were paid by it and forthwith returned to the plaintiff, who did not within one year notify the defendant that any of the checks were forged. The trial judge ruled that this discloses no defense, because the statutory rule does not apply to the forgery of a payee's indorsement. It may be that the forgery of a check contemplated by this statute of limitation is that of the maker's signature, which he of course knows; and not of an indorser's signature, which he may not know. The Pratt Case did not construe the statute of 1908, it being held that the act did not apply because not retroactive. As to whether that statute constitutes a defense in the case at bar, because the plaintiff did not notify the defendant of the forged indorsements within one year after the return of the checks, we express no opinion, as the question is not raised as a ground of appeal.

It was, however, laid down by the Supreme Court in the Pratt Case that, the bank having paid the check (with forged indorsements), it could not charge the amount against the depositor, unless it showed a right to do so on the doctrine of estoppel or because of some negligence chargeable to the depositor. This is sound. It is in line with the decisions, and we approve it.

Pratt v. Union Natl. Bank, supra, was affirmed in the Court of Errors and Appeals (81 N. J. Law, 588, 80 Atl. 492), but without affirming or denying the soundness of the views expressed by the Supreme Court upon the merits, because the state of the record raised no questions for review in the Supreme Court, where the cause was heard on an appeal from the Atlantic City district court.

We have examined all of the grounds of appeal, and find none which call for reversal. The judgment under review will therefore be affirmed, with costs.

Bank Liable for Stolen Liberty Bonds

Merchants' National Bank v. Affholter, Supreme Court of Arkansas, 215 S. W. Rep. 648.

A bank, which takes Liberty Bonds from its customers for safe keeping, without making any charge for the service, is liable if the bonds are stolen from its safe by burglars, where it appears that there was a burglar proof compartment within the safe, into which the bonds might have been, but were not, put.

The bank, which was held liable in this manner, had a large iron safe, inside of which was a burglar-proof manganese steel compartment. Many of the bank's customers left their Liberty Bonds with the bank for safe keeping. The bank performed this service without making any charge for it. The bonds, thus left with the bank, along

with bonds belonging to the officials of the bank, were placed in the safe, but not in the burglar-proof compartment. Burglars blew off the door of the safe and made away with the bonds, which, because of their negotiable form, were easily disposed of. The plaintiffs were the owners of some of the stolen bonds. It was held that the plaintiffs were entitled to recover from the bank for the loss of their bonds.

OPINION

Actions by A. B. Affholter and by Leni Affholter against the Merchants' Bank of Vandervoort. From judgments rendered, defendant appeals. Affirmed.

McCULLOCH, C. J. A. B. Affholter and his wife, Leni Affholter, instituted separate actions in the circuit court of Polk county against the appellant, a banking corporation doing business at Vandervoort, in that county, to recover sums of money deposited with appellant for the purchase of United States Government bonds of the Fourth or Liberty Loan issue. The complaint of Mrs. Affholter sought recovery on another item, which will be discussed separately, but on the issue referred to above cases were identical and will be disposed of together in this opinion.

Affholter and his wife each subscribed for the purchase of bonds in the sum of $150, and the subscriptions were given through a canvasser or solicitor who procured their signatures and deposited their subscription cards with appellant bank. Each of the cards signed by appellees, Affholter and wife, contained an agreement to take a bond of the denomination of $100 and one of the denomination of $50 making a total of $150, and registered bonds were designated in the subscription cards as the kind to be purchased. The cards contained printed directions designating two kinds of bonds, one registered bonds and the other coupon bonds, and the word "coupon" had a line drawn through it, leaving the designation of registered bonds as the kind selected by the appellees. The following day after the subscriptions were taken, Mrs. Affholter called at the bank and deposited sufficient funds to cover the subscriptions of herself and husband and received from the bank a deposit slip reciting the names of the depositors, the amount deposited, the date thereof, and the words "deposited by Fourth Liberty Loan." The bonds were ordered by the bank and received, but before they were called for by said purchasers, the bank vaults were robbed in the nighttime and the bonds were stolen. This occurred on November 13, 1918, three or four days after the bonds had been received by the bank. The bonds ordered and received by the bank were coupon bonds and not registered bonds, and the theory upon which appellees sought to recover the money from the bank was that they subscribed for registered bonds and deposited the funds to cover the purchase price of that kind of bonds, but that the bank had failed to carry out the instructions, and that the coupon bonds received by the bank in violation of the instructions did not become the property of appellees.

On the other hand, the contention of appellants in the trial below was that the subscription cards were not delivered to the officials of the bank for the purpose of designating the character of the bonds to be ordered, but were merely left at the bank for safe-keeping for the sales director of the Liberty Loan drive, and that no directions were given to the officials of the bank by appellees as to the kind of bonds to be ordered, and that the coupon bonds were ordered pursuant to the practice there for subscribers to accept coupon bonds.

That was the issue presented in the trial below, and the court submitted it to the jury on instructions which stated, in substance, that if appellees deposited the money with instructions to appellant to purchase registered bonds and that appellant failed to procure that character of bonds, it was liable for the money so deposited. The evidence was the same in each case and was sufficient to sustain the findings in favor of appellees. The printed subscription cards contained an agreement on the part of the subscriber to call at the bank at

once and pay the subscription, and it also designated the character of bonds to be purchased. The cashier testified that the subscription cards were not delivered to the officers of the bank for the purpose of giving directions concerning the purchase of bonds, but were merely kept there for the benefit of the sales director. There were, however, no other directions given concerning the kinds of bonds to be purchased, and the jury were warranted in finding that the officers of the bank knew, or ought to have known, that the character of bonds desired was designated on the face of the subscription cards. That being true, it was the duty of the bank to take notice of the designation and order the character of bonds so designated. Failure to follow the instruction in that respect made the bank responsible for the return of the money in the event the designated bonds were not delivered to the subscribers.

Error of the court is assigned in giving an instruction which it is said assumed the existence of the relation of agency between the bank and appellees in the purchase of the bonds; but we do not think that the instruction assumed the existence in that relation. If it did, however, there was no error, for it was undisputed that the money was deposited with the bank for the purpose of purchasing bonds. It is unimportant whether the bank was acting strictly as the agent of the subscriber or whether it was acting as a promoter of the loan drive; for, if it accepted funds for the purchase of bonds, it was responsible to the subscriber either for the return of the money or for the delivery of bonds designated in the subscription contract.

There was no error of the court in the submission of the issues to the jury, nor was there any other prejudicial error occurring at the trial.

The other branch of the suit instituted by Mrs. Affholter involved the question of liability for a coupon bond of the denomination of $100 delivered by her to the bank for safe-keeping. She purchased the bond, and afterwards delivered the same to the bank for safe-keeping, and it was placed in the bank safe, which was burglarized on the night of November 13, 1918, and that bond together with many others belonging to other persons, was stolen. The bank kept a large iron safe with a combination lock on it, and inside of it was a manganese steel drawer or compartment which was burglar-proof, and was used for the safe-keeping of money. The bond—the one belonging to Mrs. Affholter and those belonging to numerous other persons, including officials of the bank—were not kept in the burglar-proof compartment, but were kept inside of the safe. The burglary was discovered the next morning after it occurred, and on examination it was found that the combination lock on the outside of the safe had been chopped off with an axe, and that explosive material had been inserted inside the lining of the door, which, when exploded, blew off the door or lock and permitted entrance. The money drawer or compartment was not entered. The testimony introduced by appellant was to the effect that all the bonds kept by the bank, including those which were the property of the bank itself and its officials, were kept in the same manner, and that that was the customary way to keep the bonds. There was also testimony to the effect that there was no room inside the money drawer to keep the bonds.

It is earnestly insisted that there is no evidence to sustain the finding of negligence on the part of the bank for the loss of the bonds. We are of the opinion, however, that the evidence was legally sufficient. These bonds were coupon bonds, payable to bearer, and negligence is inferable from the fact that they were kept, not in the burglar-proof compartment of the safe, but in the part of the safe which was insufficient to resist the attack of a skillful burglar. Appellant was, with respect to the keeping of this particular bond for Mrs. Affholter, a gratuitous bailee and was liable only for gross negligence. Wear v. Gleason, 52 Ark. 364, 12 S. W. 756, 20 Am. St. Rep. 186; Baker v. Bailey, 103 Ark. 12, 145 S. W. 532. But it was a question for the jury to determine whether or not, under the circumstances, it did not constitute

gross negligence to keep in an insecure place government bonds, payable to bearer, which could not be legally identified. We cannot say that the jury were not warranted in drawing the inference of gross negligence from the circumstances in the case. The court submitted this feature of the case to the jury on instructions which permitted recovery on the finding by the jury or failure of appellant to exercise ordinary care; but the same kind of instructions were requested and given at the instance of counsel for appellant, and it is unnecessary for us to determine whether or not those instructions were correct. We have examined the instructions carefully and do not find anything prejudicial to appellant's rights.

We find no error in either of the judgments, and the same are therefore affirmed.

Sale of Collateral

Brooklyn Trust Company v. Schundler, New York Supreme Court, Appellate Division, 179 N. Y. Supp. 236.

The plaintiff bank held a note made by the defendant. The note was not paid at maturity and two days thereafter the maker, in conversation with the vice-president of the bank, asked for an extension of time. The vice-president did not commit himself on the question of an extension, but stated that he did not think the collateral securing the note was sufficient to protect it. Later on the same day the vice-president wrote to the maker and gave her until noon on the following day in which to pay the note. About a week later the collateral was sold at auction. In an action by the bank to recover the balance due on the note it was held that the bank had not in any way waived its right to insist upon payment and sell the collateral and that the bank was entitled to recover.

OPINION

Appeal from Trial Term, Kings County.

Action by the Brooklyn Trust Company against Bertha E. Schundler and another. From a judgment for plaintiff on directed verdict and order denying new trial defendants appeal. Affirmed.

PUTNAM, J. The action is for $3,500.16, balance due on a promissory note for $6,000, payable to plaintiff, made by the defendant Bertha E. Schundler, payment of which note was guaranteed by defendant's husband, Hans O. Schundler. The complaint had credited $381.34, balance of deposit account, and $2,161, net proceeds of collaterals realized by sale. Defendant Bertha E. Schundler counterclaimed for conversion of the collateral stocks sold. This note in suit, being a renewal, was dated April 11, 1918, and payable May 11, 1918. As collateral security, defendant pledged 350 shares preferred stock of the Sawyer Shipyards Company, 350 shares of the common stock of the said company, and 100 shares of the Lufkin Salvage & Shipping Company. Besides pledging the collateral already held, the note promised to furnish additional collateral security as the plaintiff might demand, and gave a lien on any balance of the maker's deposit with the plaintiff. In case of nonpayment, plaintiff has the right to sell these securities without notice, and notice was waived by the guarantor.

The note was not paid at maturity. On Sunday, May 12th (the day following the due day), Mrs. Schundler, maker of the note, mailed a letter to the vice-president of plaintiff, requesting an extension of time in which to pay the note. On Monday, May 13th, he telephoned Mrs. Schundler and asked when the note would be paid. She replied that she was not in a position to meet it then. The vice-president stated he could not say if they would give an extension; that he doubted whether the securities pledged were of sufficient value to cover the loan. Mrs. Schundler replied that the stock was good.

This becomes important, because appellant claims that thereby an extension was arranged, and in this interview of May 13th the right to enforce the note waived. This talk on May 13th

was a telephone interview, clearly without any promise of an extension. The vice-president did not then say, in so many words, that he would refuse any further extensions. He expressed doubt if the collateral was of market value, and evidently preferred to have the husband to talk with, instead of the wife. She told him that Mr. Schundler had gone, or was going, out of town. He asked the husband's office address and inquired his telephone number. The defendant is not clear whether she gave that number to Mr. Lanmann, the said vice-president; but she testified that Mr. Lanman said that he would call her husband. It would appear that Mr. Schundler was then leaving town, as on May 16th he wired to plaintiff from Chicago, saying: "Will attend Mrs. B. Schundler loan after return next week."

Any room for expecting indulgence was negatived by Mr. Lanman's letter of May 13th, confirming this conversation. It clearly declined to grant any renewal, and gave her until noon of the 14th to take care of the note. By her absence from home she did not receive it till her return in two or three days. On the 16th plaintiff also wrote her that her bank balance of $381.34 was applied toward this note. The husband's wire from Chicago on May 16th, above quoted, did not arrive until after business hours of that date (the stamp is 8:30 p. m.).

Plaintiff sent these collaterals for auction sale to Adrian H. Muller & Son. They advertised a sale with other stocks, to be had on May 22d—six days after the date Mrs. Schundler got the notice in Mr. Lanman's letter of the 13th. The advertisement appeared in the Tribune, May 18th and 22d, in the Wall Street Journal, morning edition, May 20th, 21st, and 22d, and in the Evening Post May 20th and 21st.

Upon the foregoing evidence, the court directed a verdict for plaintiff. The question for us is whether defendant's evidence, supplemented by such favorable inferences as a jury might properly draw therefrom, is sufficient to raise a question for the jury. When defendant failed to pay the note when due, the bank had the right then to sell the collateral without notice, and to apply the proceeds to the payment of the debt.

Defendant's contentions all turn on the question of waiver. If no basis of any waiver appeared, we are not concerned with the point whether or not there was proof of damage; i. e., whether defendant showed that the stock had a market value at the time, exceeding the avails of this sale. Had the matter rested on the telephone talk of May 13th after the note was overdue, perhaps a question of waiver might arise. But the letter of the 13th, following this phone interview, definitely granted an extension which expired on the 14th at noon. It did not matter that Mrs. Schundler and her husband were both out of town. When she received this letter on her return home, she took no steps to speak with the plaintiff, not even after hearing on her return that during her absence Mr. Lanman had phoned her.

Attempted parol evidence of waiver seldom goes to the extent of creating a new contract, especially in arranging a renewal of commercial paper. In all this testimony is an entire absence of any basis for such agreement. On the contrary, the passive attitude of the defendants, in face of both of plaintiff's letters of May 13th and 16th, was such evidence of acquiescence in letting the trust company sell this collateral. I advise to affirm the judgment and order, with costs.

Judgment and order affirmed, with costs. All concur.

Forged Checks

Robinson v. Security Bank & Trust Co., Supreme Court of Arkansas, 216 S. W. Rep. 717.

The plaintiff brought this action against the defendant bank to recover money deposited in his name which the bank had paid out on checks bearing forgeries of his signature.

It seems that the plaintiff was in

partnership with another man in the business of raising cotton. The partner sold the cotton and the plaintiff told him to deposit his, the plaintiff's share, in the defendant bank. The partner did this and received a passbook made out in the plaintiff's name for the amount of the deposit. Then the partner drew the money out on checks, which he forged in the plaintiff's name. When the plaintiff found out what his partner had done he did not promptly notify the bank. He waited for eight or nine months before letting the bank know about it. He did this because his partner promised to repay the money to him and because his partner said that he would be ruined if the bank found out about it.

On the trial the court instructed the jury to return a verdict in favor of the bank. The plaintiff appealed and the appellate court reversed the judgment and ordered a new trial, on the theory that the plaintiff's neglect to promptly notify the bank of the wrongful payments did not, as a matter of law, shift the responsibility from the bank to him. It was a question for the jury to decide whether his conduct amounted to a ratification of the payments made by the bank.

OPINION

Appeal from Circuit Court, Phillips County; J. M. Jackson, Judge.

Action by Gilbert Robinson against the Security Bank & Trust Company to recover a deposit. Judgment for defendant, and plaintiff appeals. Reversed and remanded.

HUMPHREYS, J. Appellant instituted suit against appellee in the common pleas court of Phillips county to recover $300, alleged to be due him for money deposited in appellee bank to his credit. A passbook showing a deposit of $200 in his name on December 17, 1913, and a certificate of deposit for $100, deposited in his name on the 16th day of January, 1914, were made the basis of the suit.

Appellee filed answer, denying any liability on account of the alleged deposits. Upon hearing a judgment was rendered dismissing appellant's complaint, from which an appeal was prosecuted to the Phillips circuit court, where a trial was had at the April 1919 term thereof. At the conclusion of the evidence the jury were peremptorily instructed to return a verdict for appellee, which was done; whereupon a judgment was rendered in favor of appellee, from which an appeal has been duly prosecuted to this court.

The evidence shows that two negroes, appellant and Will Boldin, raised a partnership cotton crop in 1913 on a farm belonging to Mr. Burke. Will Boldin took the cotton to Helena and sold it to Lee Pendergrass. Appellant instructed Will Bodin to deposit one-half of the proceeds to his (appellant's) credit in appellee bank. On the first sale of cotton $200 was appellant's share, and Will Boldin deposited that amount to the credit of appellant, Gilbert Robinson, in the bank, and took a passbook showing the deposit, which he delivered to appellant. Out of the second sale of cotton appellant's share amounted to $100, which was deposited by Will Boldin in the name of appellant, Gilbert Robinson, for which he took a certificate of deposit that was subsequently delivered to appellant. The first deposit was made on December 17, 1913, and the second on January 16, 1914. Thereafter Will Boldin drew the money so deposited out of the bank on checks to which he had signed appellant's name without his authority or consent.

Appellant testified that in the spring of 1914 he discovered that Will Boldin had drawn the money, and he made no mention to, or demand on, the bank for payment until 1915, some eight or nine months after he made the discovery; that Will Boldin told him he would replace the money, and requested him not to mention the matter to the bank, because it would ruin him; that he made no promise to withhold information nor any contract with Will Boldin to look to the crop of that year for the payment of the money; that he did not testify to that fact in the common pleas court.

Louis Solomon testified on behalf of appellee that appellant gave testimony in the common pleas court to the effect

that when he made the discovery he (appellant) agreed to look to Will Boldin for the amounts the following fall when he gathered his growing crop. Louis Solomon also offered to testify that the cashier of appellee had told him, when Will Boldin made the deposit, he represented himself to be Gilbert Robinson and that both Will Boldin and Gilbert Robinson were strangers to the cashier at that time. This testimony was objected to by appellant, and excluded by the court, upon the ground that it was hearsay.

Appellant insists that the court erred in peremptorily instructing the jury, for the reason that the evidence tended to establish material issues in his favor. As the record now stands, after excluding the irrelevant testimony to the effect that Will Boldin represented himself to be Gilbert Robinson at the time he made the deposit, the undisputed evidence established the relationship of debtor and creditor between appellant and appellee; in other words, the evidence indicates that Will Boldin deposited the money with appellee in the name of Gilbert Robinson, according to Gilbert Robinson's instruction; that the bank issued a passbook and certificate of deposit to Gilbert Robinson for the amount of the deposits; that afterwards, without any authority or right delegated by Gilbert Robinson, Will Boldin forged checks and drew the money out. It was said by this court in the case of Carroll County Bank v. Rhodes, 69 Ark. 43, 63 S. W. 68, and reiterated in Bank of Hartford v. McDonald, 107 Ark. 232, 154 S. W. 512, that:

"When money is placed as a general deposit in a bank, it is no longer the property of the depositor, but immediately becomes the money of the bank. The depositor becomes the creditor of the bank, and the bank his debtor; and the bank is bound by an implied contract to honor the checks of the depositor to the extent of his deposit. When his checks are drawn in proper form, the bank is bound to honor them."

Therefore, under the undisputed facts in this case, the relationship of creditor and debtor was established between appellant and appellee, and that the money was not paid out by the bank upon checks properly drawn, but was paid out by it on forged checks. Had this been the only issue, a peremptory instruction should have been given for appellant, but there was an issue of whether or not appellant ratified the unlawful and wrongful withdrawal of the fund by Will Boldin. We presume the court concluded that the undisputed evidence showed a ratification by appellant of the unlawful act by Boldin in withdrawing the fund. We can not agree with the court in this regard. It is true appellant did not demand the money as soon as he discovered Will Boldin had drawn it out on forged checks, and that he waited eight or nine months thereafter before demanding same. His explanation for this is that at the time he made the discovery the money had been drawn out of the bank, and that he desisted for a time because Boldin claimed a disclosure of the facts would ruin him, and because of his promise to return the money to the bank. Appellant denied that he stated in the common pleas court that he told Will Boldin it was all right, after he discovered he had drawn out $50, and that he agreed to look to Boldin's crop in the year 1914 for the money. Had the record disclosed that appellee was prejudiced by appellant's failure to make disclosure promptly upon receiving the information, it might be said, as a matter of law, that appellant ratified the unlawful act of Boldin in withdrawing the fund; but, no prejudice being shown and no conduct disclosed indicating an approval and acquiescence by appellant in the unlawful act of Boldin in withdrawing the money, it cannot be said, as a matter of law, that appellant ratified the unlawful act. With reference to the ratification by a principal of the unauthorized acts of an agent, it was said in the case of Lyon v. Tams & Co., 11 Ark. 189, that:

"The safer general rule, however, would seem to be that which Judge Story enunciates, and which is well sustained by almost all the authorities; that is that the dissent must be expressed in a reasonable time after the information has been received, and thus the circumstances of each particular case will be regarded in determining

the degree of promptitude incumbent upon the principal. As, if the danger of loss by delay be imminent, anything short of an instantaneous disavowal would be unreasonable, and if not so great, then a corresponding abatement of the rigor of the rule graduated upon principles of justice and fair dealing."

So we think the question of ratification in the case at bar was a question upon which the jury was entitled to pass, under proper instructions.

In dealing with the first issue, the suggestion made by this court that it would have been proper to give a peremptory instruction in behalf of appellant was based upon the facts before us, and can have no bearing upon a rehearing, if the record should disclose by competent evidence that Boldin represented to the cashier of the bank, at the time he made the deposit, that his name was Gilbert Robinson.

For the error indicated, the judgment is reversed, and the cause remanded for a new trial.



American Bankers Association

Annual Convention Will be Held in Washington—Food Drafts—Committee on Constitution

THE forty-sixth annual convention of the American Bankers Association will be held at Washington, D. C., the week of October 18. This announcement was made by President Richard S. Hawes, following the meeting of the administrative committee in New York last month.

"This is going to be a real bankers convention," stated Mr. Hawes after the meeting. "There will be no sidelights, all of the program will be built around the affairs that enter into the administration of banking affairs. In this respect the 1920 gathering will perhaps be unique as banking conventions go, but my impression of these meetings is that they should serve to help answer the problems that confront the members of the association.

"In this connection, I expect to have one session at least devoted to a round table discussion of the questions nearest or uppermost in the bankers' minds. Speakers will be asked to live up to a time schedule arranged in advance, and one half an hour will be allowed for discussion, not palavering approval, of the speaker's remarks. There will be no tedious proceedings, long reports. All committee chairmen will be asked to have their reports in printed form at least fifteen days before the convention. These reports will be filed as a part of the convention's proceedings, but only summarized by the speaker before the convention.

"I believe that a convention of this sort, in which the largest number of our members can participate, and from which every member can gain valuable knowledge in a banking way, will serve to attract large numbers of bankers from every State in the Union.

"There are, too, some national financial questions of a fundamental nature that will occupy some time of the convention. These are many at present, especially the condition of foreign finances, but this will no doubt be settled long before the October meeting. Such questions as aiding in supplying the returned railroads with funds, checking of our present apparent orgy of extravagance and lastly, but most important, the deflating of our credits and currency. All bankers' problems are subjects worthy of the conference of the best banking minds of America."

A program committee, composed as follows, was selected to arrange the details of the convention: President,

Richard S. Hawes; second vice-president, T. B. McAdams, and general secretary, Guy E. Bowerman.

BANKERS AND FOOD DRAFTS

The American Relief Administration in conjunction with the American Bankers Association is now issuing food drafts as the latest means of relieving conditions in Central and Eastern Europe. The method provides means for relatives in this country to transmit through draft form, procurable in local banks throughout the country orders for food, which are redeemable at the relief warehouses of the large centers of Europe.

Money has lost value in many European countries to a great extent, while at the same time food is exceedingly precious. Drafts for money sent to sufferers will relieve them but little, so the food drafts have been devised as the quickest relief. Not only can these be bought by Americans for relatives in Europe, but those interested can buy drafts for general relief, leaving the selection of the recipient up to the relief administration.

For the redemption of these drafts, American relief warehouses have been established in Warsaw, Hamburg, Vienna, Budapest and Prague. These are being stocked with flour, bacon, beans, canned milk, beef, lard and cottonseed oil.

The American Bankers Association, through the Committee on Commerce and Marine, John McHugh, chairman, and W. F. Collins, secretary, has worked out with the relief administration the method of sale for these drafts among the member banks of the association. The first two days of their sale in New York there were more than a half million dollars in food drafts sold.

Drafts can be purchased from the banks in denominations of $10, $50 and $100, it being clearly stated on the draft just how much food that amount of money will buy. A small amount is charged for freightage and handling of the supplies, but this is very nominal.

A purchaser in America may mail a draft to relatives in any of the named cities or contiguous territory. Upon presentation at the warehouse the draft will be honored with food to the amount of its face value at prices reckoned, not on market prices in the countries named, but on original cost of the food purchased in America plus the cost of shipping and assembling in the warehouses. Should any profits accrue, they will be turned over to the European Children's fund. The only manner in which persons in America may now get food to relatives in Europe is by individual shipments, an uneconomical method.

Food drafts designed for use by Gentiles differ from those designed for use by Jews. Thus a $10 food draft will purchase either of two stocks of food: (a) 24½ pounds of flour, 10 pounds of beans, 8 pounds of bacon, 8 cans of milk; (b) 24½ pounds of flour, 10 pounds of beans, 7½ pounds of cottonseed oil and 12 cans of milk.

A $50 food draft will purchase either: (a) 140 pounds of flour, 50 pounds of beans, 16 pounds of bacon, 15 pounds of lard, 12 pounds of corned beef and 48 cans of milk; (b) 140 pounds of flour, 50 pounds of beans, 45 pounds of cottonseed oil and 48 cans of milk.

"Food drafts were initiated," says Guy E. Bowerman, general secretary of the American Bankers Association, "as a constructive relief measure, largely offsetting the uneconomical methods of sending food packages from this country without any assurance of their delivery and also to meet the urgent appeals of these governments to their nationals here not to transmit money, and to displace with specific performance a large amount of disintegrated charity that is always part waste."

COMMITTEE ON CONSTITUTION

The rapid growth of the American Bankers' Association in the last few years, and the broadening of its activities, has caused the constitution of the organization to be obsolete in some respects.

This has been generally recognized for some time, and at a meeting of the Administrative Committee held in New York, January 22 and 23, a committee to make a survey of constitutional provisions needed was authorized.

President Richard S. Hawes appointed the following committee: M. A. Taylor, Chairman, President of the First Trust and Savings Bank of Chicago; Homer A. Miller, President of the Iowa National Bank, Des Moines, Ia.; Charles R. Miller, President of the Farmers Bank of Wilmington, Delaware; Rome C. Stephenson, President of the St. Joseph Loan and Trust Company, South Bend, Indiana; A. M. Graves, Cashier of Red River National Bank, Clarkville, Texas; General Counsel, T. B. Paton, and General Secretary, Guy E. Bowerman, were made members ex-officio of the committee.

28,733 Banks in the United States

ACCORDING to the State Bank Section of the American Banker's Association, there are now in the United States 21,028 State-chartered banking institutions including commercial State banks, trust companies and savings banks. The total resources of such institutions are $25,965,675,836.30. These statistics have been compiled by Secretary R. N. Sims, of the National Association of Supervisors of State Banks. There are also in the United States 7,705 National banks with total resources of $20,799,550,000. The total number of banking institutions in the United States is therefore 28,733 with total resources of $46,765,225,836.30.

Book Reviews

HEATON'S ANNUAL. Heaton's Agency, Toronto.

The 1920 edition has made its appearance. It is now in its 16th year. The 550 pages form a compendium of information about Canada on the Canadian Customs Tariff. All rulings and decisions of the Customs Board, and all changes in Customs regulations are included to date of publication. It is the Official Register of Canadian Boards of Trade and includes descriptions of all cities and towns of commercial importance throughout the Dominion and their industrial opportunities; clear commercial maps of each Province and the illustrated advertisements of the more progressive towns add interest and value to this section; descriptions of smaller towns are covered in the Shipper's Guide, which includes every banking point in the Dominion.

A valuable part of the book is the section on natural resources, which is a veritable encyclopedia of agriculture, forests, lumbering, fisheries, mining, water powers, etc., covering the whole Dominion, with references to Government special publications.

Under the heading "Financial and General Information" is included a list of chartered banks, insurance and trust companies, showing the financial standing of each; fees for incorporation of joint stock companies, income tax; postage and cable information; statistics of commerce, railways, population, immigration, etc., and a very valuable set of exchange and miscellaneous tables.

Directories of government officials and members of parliament, foreign consuls, solicitors, railways, steamships, customs brokers, universities, colleges, and schools add to the completeness of this interesting book.

The Government and the Citizen

By Hon. Henry L. Myers

United States Senator from Montana

I THINK it would be well for them to take cognizance of the tendencies of the times and of some of the dangers that beset us. Congress can not legislate on all subjects of legislation. Meantime, let Congress do its duty and set an example.

I believe in equality of treatment, so far as are concerned the Government and its citizens. I believe all should be treated with equal consideration and fairness. I believe every man should have a fair opportunity, so far as the Government is concerned or may provide, to earn an adequate living by honest work. I believe, so far as the Government may be able to provide, each of its citizens should be provided impartial opportunity to rise in the world and better his condition and provide for his family and, by industry, thrift, frugality, application, fidelity, to provide a competency. I believe merit should be allowed opportunity for recognition. I believe every legitimate incentive should be offered to merit, honesty, industry, effort. If a man may have the ability, coupled with honesty, industry, sobriety, application, I believe he should be afforded every legitimate opportunity to rise in the world, advance his position, and better his condition.

I believe every citizen should be accorded by the Government every privilege which may better his condition and make a better citizen of him, which does not conflict with the common good and the general welfare of the entire population. I do not believe, though, that any individual or any combination of individuals or any class of individuals should be granted privileges or concessions by legislation which, while they might please the recipients or even make them better off, would be a positive detriment and injustice to the great body of the populace, the general public. Such legislation would be unsound, unjust, unwise, undemocratic, unAmerican. There are people who contend that labor should be given all it asks and, thereby, they say, remove the cause of its discontent and avoid trouble. Of course, if a man be discontented, because he wants your house and does not possess it, and threatens to put you out and take possession, one way to remove his discontent and avoid trouble would be to move out and give him possession; but I do not believe that method commends itself to right or reason.

We are told by some that the only way to remove discontent is to remove the cause of the discontent. The only way to do that would be to give everybody everything they want. That was tried in Russia. The only way to remove the discontent of radicals, reds, and anarchists would be to take a scoop shovel and shovel out to them all the money in the United States Treasury; and when they had spent all of it repeat the operation. Soft words will not satisfy these people.

I believe people should be encouraged to labor as much as is wholesome, and not to labor as little as possible. The constant tendency to shorten work hours is unwholesome and should be discouraged. Especially now, of all times for generations past, the world needs all the labor it can get. It needs all the production it can get. The world must be rehabilitated. The cost of living must be reduced. The high cost of living affects poor people more than anybody else. The rich can stand it. The poor can ill afford it. Every advance in the cost of living inflicts upon millions of toiling poor people a hard blow and gives them many pangs of anguish. Every restriction of production, every advance of wages, enhances the cost of living and hurts somebody.

I believe in these times people should

labor to the extent of their ability and try to live within their incomes, and not be threatening dire disaster if they do not get what would be pleasing to them and all they would like to have. It is a time for patience, patriotism, prudence, fairness, impartiality. It is a time when greed and the grabbing spirit should be discouraged. It is a time when the general good of all should be paramount. It is a time when men should be taught to be satisfied to render an honest day's work for a fair day's wage. That would remedy much of our trouble. Work is good for man. He should realize that it is the divine decree that he shall live by labor. More men rust out than wear out. I sympathize with working people. I have been a hard worker all of my life, and with little more result than a comfortable living. I grew to manhood on a farm, where I knew hard manual labor. I have worked hard ever since, and I have sympathy with those who toil, but they should not ask for what is not in the interest of the common good, simply that they may particularly benefit therefrom.

Campaigning for Thrift

THE old saying that the better a man serves, the more he himself will profit applies with special force to the banking profession" says S. Fred Strong, president of the Savings Bank Section of the American Banker's Association. "The banker has just one thing to sell the public—SERVICE.

"Service is, therefore, at once a duty, a privilege and an absolute necessity for each and every one of us. In former days, a bank was an institution that was chiefly patronized by the rich; whereas, today customers of an up-to-date serviceable bank come from every walk in life and the small deposits of the workingman are just as welcome as the large accounts of the wealthy. The manufacturer, the merchant, the storekeeper, the professional man, the farmer—in fact every worker in every walk of life can benefit from making use of the service and facilities of the bank.

Hundreds, indeed thousands of people need to be taught the meaning of saving money, particularly of systematic saving. They need to have that idea constantly hammered into them.

Service to depositors, therefore, means a great deal more than providing safety and routine facilities. Every self-respecting bank naturally does this, but it is only the beginning. Service goes much further and includes every endeavor to meet depositors in a friendly human sort of way from the moment that they enter the institution."

The Savings Bank Section of the American Banker's Association, has pledged its aid for the coming year to the efforts of the Savings Division of the Treasury Department to increase thrift and advocate purchase of government savings securities and also to serve bank customers by advising them as to safe and sound investments.

In this connection the announcement of the program of the Committee on Savings of the Section for 1920 says:

"The campaign to increase habits of saving and thrift throughout the Nation, which has been a prominent feature since the organization of the section in 1902, will be the special care of this committee. The potential ability of American wage earners to save and thereby to increase the productive capital of the industry and commerce of the country, is unmeasured, but probably exceeds any estimate which would be accepted as reasonable.

"School savings banks, the most of which were absorbed by W. S. S. activities and some of which are now used for sale of government securities, are being encouraged and the committee will gladly co-operate in any national

or local campaign which looks to increased practice of economy, thrift and saving."

In furtherance of the campaign against fake stocks and securities of doubtful value, the Indiana Banker's Association arranged to have a card supplied to all member banks warning investors. The card reads:

"The bankers of Indiana have adopted resolutions in which this bank has joined, to help protect their customers and to aid in stamping out illegitimate schemes and in driving out of this state the 'suave-tongued' professional salesmen of 'wildcat' propositions. If YOU do not buy from him he WILL HAVE to seek other fields to go into legitimate work. Help drive such men and concerns they represent out of Indiana."



Did you ever see a banker regulating traffic?

Here are three of Boston's finest in action during the recent police strike:

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(2) S. PARKER SHAW, JR., Secretary, Old Colony Trust Company.

(3) M. W. POWERS- Manager, Real Estate Department, Old Colony Trust Company.





The Long Arm of Service

Not only has the war drawn the great nations together, multiplying their contacts and mutual helpfulness—its emergencies have created new relations in business and emphasized the interdependence of all trade and industry.

The line separating banking functions from those of production and distribution has lost much of its sharpness. In response to its customers' needs, the commercial bank has developed machinery and methods for handling many processes beyond the reach of the average business organization.

In dealing with emergency demands for service in export and import affairs, the Irving's Commercial Department approaches the matter from the angle of the customer or correspondent and considers his advantage first. Its wide experience in handling shipments, documents, insurance, warehousing and the like, safeguards the customer's interest at every stage of the transaction.

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TOTAL RESOURCES OVER $280,000,000

British Economic Conditions

JANUARY saw still further declines in New York exchange on London, the valuation of the pound sterling in American currency falling as low as $3.49¼, a depreciation of 28¼ per cent. This fact caused considerable alarm in London and various views were expressed in British newspapers as to causes and remedies.

The Daily Express placed the entire blame on America and accused the latter of financial hostility and "colossal profiteering." This view, however, was opposed by The Morning Post, which stated:

"It does not seem to be understood that because we lose about 4s 6d in every pound remitted to the United States, America is not necessarily the gainer to that extent.

"If the contract has been made in dollars she neither gains nor loses by the inconvenience to which the Britisher is subjected and equally at the moment when Europe may be clamoring for the solution of the exchange problem by further huge credits by America, it has to be remembered that that country which is new to the work of foreign loans has already granted huge sums on which the interest is at present funded. Moreover, as America looks across the Atlantic and views the disorganized conditions of currency and the rather feeble attempts on the part of the peoples of some of the countries to redeem the situation through greater labor and industry, she may be excused for some perplexity as to the course to take.

"The fact of the matter is that, as serious as may be this fall in sterling and in currencies of all the belligerent countries in Europe, it is doubtful whether without it the attention of the various communities would even now be aroused to the sense of the necessity for economy in expenditure and for increased production."

The Treasury is reported to hold the opinion that the only way to overcome the difficulty is by increased production and reduced expenditure all around. It is thought that any artificial control would only have a temporary effect and would lull the people into a false sense of ease and security.

GREAT BRITAIN AND RECONSTRUCTION

In the report of the "Committee on Currency and Foreign Exchange after the War" it was recommended that Great Britain should give preference to exports to countries in a position to pay with reasonable promptitude.

The Review of Barclays Bank takes a somewhat contrary view, believing that potential customers should be cared for even if not at present in a strong financial position.

The question of importing, states the Review, where possible, from those countries with whom the exchanges are in our favor, or only slightly adverse, has more to be said for it; but to insist on cash payments from certain of the "adverse exchange" countries is almost equivalent to refusing them essential supplies of raw materials and foodstuffs, a policy alike inhuman and short-sighted—a policy which, carried to its logical conclusion, would make reconstruction impossible, and produce chaos and disaster throughout Europe.

TREASURY ESTIMATE OF BRITISH DEBT

According to a White Paper recently issued by the Treasury, the amount of the debt on March 31 next is estimated at 8,075 millions. Against this total it is estimated that there will be the following war assets:

Obligations of Allies.	£
France	508,000,000
Italy	467,000,000
Russia	568,000,000
Belgium	98,000,000
Serbia	20,000,000
Other Allies	79,000,000
	1,740,000,000
Obligations of Dominions	200,000,000
Outstanding Obligations of India	21,000,000
	1,961,000,000
Vote of Credit and other War Assets, viz.: Surplus Stores, Ships, Stocks of Commodities, etc., Repayable Advances (as estimated by the Departments concerned)	425,000,000
Arrears of Excess Profits Duty	240,000,000
Total	£2,626,000,000

It is pointed out that to the total of £2,626,000,000 must be added receipts from Germany under the peace treaty, but no figures can be given until the Reparation Commission have adjudicated on the claims referred to them.

PRICES AND CURRENCY EXPANSION

Lloyds Bank published the following table in a recent review showing the close analogy between currency expansion and the retail and wholesale price level:

	Currency of all kinds, 1913 = 100	Wholesale prices, 1913 = 100	Retail prices of food, 1914 = 100
United States (May, 1919)	173	206.0	181
Japan (May, 1919)	223	214.0	...
Switzerland (June, 1919)	230	....	250
Denmark (July, 1919)	240	....	212
United Kingdom (August, 1919)	244	257.2	217
Netherlands (Sept., 1919)	270	....	203
Sweden (April, 1919)	275	339.0	336
Norway (May, 1919)	305	....	271
France, Paris (June, 1919)	365	330.0	263
Other Towns	..	....	293
Italy (April, 1919)	440	329.9	281

It will be observed that the United States shows the least currency inflation and also the least increase in wholesale and retail prices as compared with other countries.

NEW CAPITAL ISSUES

The London Joint City and Midland Bank, Ltd., has compiled the following table showing the amount of new capital subscriptions in the United Kingdom by groups for 1918 and 1919:

	Twelve Months to Dec. 31, 1918	1919
	£	£
Government securities, other than British	19.585,280	14,910,754
Corporation & county stocks	1,942,450	553.547
Public boards, etc.	2,247,120	1,151,708
Railways	1,994,275	628,142
Aviation	758,750	647,500
Banks and discount Cos.	6,674,768	19,930,618
Breweries and distilleries	169,085	2,663,250
Canals and docks	.....	400,000
Commercial, industrial, etc.	10,837,139	90,091,207
Electric light & power	1,561,760	3,604,083
Financial, land & investment & financial trusts	283,271	12,569,622
Gas & water	97,912	323,884
Insurance	62,500	6,924,391
Iron, coal, steel and engineering	15,513,073	24,635,948
Mines	1,346,738	9,587,717
Motors, etc.	872,500	13,880,839
Nitrate	192,500	172,150
Oil	185,125	16,747,395
Shipping	725,000	8,227,772
Tea, coffee & rubber	148,155	3,134,001
Telegraphs & telephones	.....	5,455,000
Tramways & omnibus	133,200	1,449,247
Total	65,330,551	237,688,780

*Excluding British Government loans.

Economic Conditions in France

THE assembly of the Crédit National, the new financial institution designed for the reparation of war damages, has recently taken several measures regarding the distribution of credits and indemnities. The institution intends to serve as an intermediary between the French State and the French people who have directly been the victims of the war. In the first place, the invaded and ruined territories wil be helped to regain their financial and economic activities. Moreover, the small industries ruined during the war will receive financial help in proportion to their immediate needs. The Crédit National will thus extend its credit operations throughout the country and thereby will meet the demand of the population that could not find credit elsewhere.

The Crédit National is issuing obligations for periods varying from three to ten years. Its capital of one hundred million francs has been subscribed by the large financial institutions of France and its financial situation is strengthened by the guarantee of the French State which will inscribe every year in the budget the annuities necessary for interest, the reimbursement and the premiums of obligations issued. Under such conditions the Crédit Na-

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tional will be able to perform its financial task with success.

MUNICIPAL LOANS ABROAD

The chambers of commerce of the various large cities of France have decided upon a policy of loans abroad. The obligations will be issued in all the foreign countries enjoying a prosperous financial situation. Lyons, Marseilles, and Bordeaux are issuing loans in the United States, England and Spain. The amount of the loans will vary according to the conditions of the money market. All obligations issued abroad will be exempted from taxes. This fact will especially facilitate the placement of loans abroad.

THE BUDGET OF THE CITY OF PARIS

Mr. Dusset, municipal councillor, has published a general report regarding the budget of the City of Paris. The receipts foreseen for 1920 are estimated at 570,135,931 francs, and the expenditures at 753,375,157 francs; that is to say, a deficit of 183,239,226 francs. This deficit will be covered by new taxes. The budget of 1919 had shown 840,371,874 francs for receipts and 824,699,330 francs for expenditures. The surplus of 15,672,538 francs had been added to the general reserve fund.

FRENCH ENTERPRISES IN RUSSIA

The amount of French capital invested in various industries in the proper territory of Russia and in Poland has been estimated at 583,289,264 francs. More than half of this amount is invested in Poland, which fact alleviates the situation of the French capitalists.

The total amount of French capital invested in Russian obligations is over eighteen billion francs. Since these obligations belonged to the former Russian State, and since the Bolshevik administration has repudiated them, the French State has been obliged to pay from its own Treasury the interest to the French holders of Russian papers.

Rotterdamsche Bankvereeniging

Rotterdam Amsterdam
The Hague

Capital and Reserves . *f* 100,000,000

Every description of banking business transacted, including the making of collections, the issuance of travellers' letters of credit and documentary letters of credit, buying and selling of foreign exchange and of stocks and shares.

Our large capital and complete organization enable us to handle all matters entrusted to our care with efficiency and promptness.

Economic Conditions in Italy

BANCO DI ROMA ABROAD

THE Banco di Roma has opened branches in Paris and in Palestine with the purpose of facilitating and promoting the foreign trade with Italy. The branches in Palestine are under the form of commercial sections in Beirut, Damascus, and Aleppo. They are intrusted not only with financial operations, but also with the orientation of Italian capital and export. Moreover, they will enable the Italian traders to secure a market for the distribution of their goods pending the establishment of an Italian syndicate of commerce in Asia Minor.

CONTROL OF FOREIGN BANKS IN ITALY

The "Gazzetta Ufficiale" publishes a royal decree whereby the establishment of foreign banks and branches is subjected to the authorization of the Ministry of Finances. The banks which desire to ask this authorization must add to their demand their act of constitution, their statutes, and a written declaration regarding the amount of capital that they wish to employ within the boundaries of the Kingdom. Moreover, the foreign banks must give the names of the persons intrusted with the administration of the branches, and must report any change that may take place thereafter to the Italian Treasury. The authorization will be given by the Minister of Finances in accord with the Ministers of Foreign Affairs and of Industry and Commerce.

The principle upon which the authorization will be granted is that of reciprocity. In other words, in granting the privilege to foreign banks, the Italian Treasury will take into account the legislation and the treatment of Italian banks in the country to which the respective banks belong. The foreign banks and branches already in exist-

The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

($0.50=1 Yen)

Capital Subscribed . . . . Yen 100,000,000
Capital paid up . . . . . Yen 61,000,000
Reserve Fund . . . . . Yen 28,000,000

Branches and Agencies

Tokyo, Osaka, London, Bombay, Vladivostock, Sydney, Hongkong, Hankow, Chi-Nan, Peking, Dairen, Fengtien, Changchun, Kaiyuen, Kobe, Nagasaki, Lyons, Honolulu, Calcutta, Singapore, Shanghai, Tsingtau, Batavia, Tientsin, Newchwang, Harbin, Shimonoseki, Manila, Rangoon, Soerabaya, Buenos Aires, Rio de Janeiro

Agencies in United States

New York San Francisco Los Angeles Seattle

This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

NEW YORK OFFICE - - - 120 BROADWAY

R. ICHINOMIYA, Agent

ence in Italy need not apply for an authorization, but they are obliged to comply with the regulations above mentioned.

A NEW CREDIT INSTITUTION

The Italian Government has created a consortium of credit, with a capital of 100 million lire to be increased later to 150 million lire, with the purpose of granting loans for the execution of public works by means of annuities given by the State, the provinces and the cities. The Main Saving Bank, the National Institute of Insurance, and other saving banks are the members of this consortium. Besides this credit institution, an autonomous institute is founded intrusted with the execution of the public works. Both institutions are, in fact, interdependent.

Economic Conditions in Belgium

BELGIAN BANKS

THE Crédit Général de Belgique has augmented its capital from 11, 250,000 francs to 15,000,000 francs. The operations of this financial institution have been unusually prosperous since the signing of the armistice. Its activities are especially directed toward the economic betterment of the middle classes which have suffered during the war and are still suffering on account of the high cost of living.

A new bank has been founded in Brussels with a capital of 12,500,000 francs. The name of the bank is Banque Transatlantique Belge. The main function of this new financial institution will be to promote foreign trade with the oversea countries in general and with the United States in particular.

THE CHATHAM AND PHENIX NATIONAL BANK OF THE CITY OF NEW YORK

100 YEARS OF COMMERCIAL BANKING

LOUIS G. KAUFMAN, President
GEORGE M. HARD, Chairman

FRANK J. HEANEY, Vice-President
WILLIAM H. STRAWN, Vice-President
NORBORNE P. GATLING, Vice-President
H. A. CLINKUNBROOMER, Vice-President
MAX MARKELL, Vice-President
WILLIAM MILNE, Vice-President
JOHN B. FORSYTH, Vice-President
WALTER B. BOICE, Asst. Cashier
VINTON M. NORRIS, Asst. Cashier
RICHARD H. HIGGINS, Vice-President
BERT L. HASKINS, Vice-Pres. and Cashier
C. STANLEY MITCHELL, Vice-President
ROLFE E. BOLLING, Vice-President
GEORGE R. BAKER, Vice-President
WALLACE T. PERKI, Vice-President
HENRY L. CADMUS, Asst. Cashier
HENRY C. HOOLEY, Asst. Cashier
JOSEPH BROWN, Asst. Cashier
HARVEY H. ROBERTSON, Asst. Cashier

ACCOUNTS INVITED
RESOURCES 160 MILLION DOLLARS

BELGIAN ENTERPRISES IN RUSSIA

Belgium, like France, occupied a prominent place in the various business enterprises of Russia before the war. The total Belgian capital invested in Russia has been estimated at 596,099,-050 francs, exclusive of Russian obligations. The majority of this capital is invested in mines in the territory under Soviet rule. This fact has had an unfortunate influence on the profits of the Belgian capitalists, especially since the nationalization of industries introduced by the Bolshevik régime. On the other hand, the enterprises in the liberated territories (Poland, Esthonia, etc.), which represent two-fifths of the total capital invested, are beginning to regain their pre-war prosperity.

BELGIAN EXPORTS TO PORTUGAL

Belgian exporters and manufacturers are endeavoring to resume their commercial relations with Portugal which were interrupted during the war. In 1914 the total amount of exported goods to Portugal reached almost five million dollars; that is, twenty-five million francs. The policy of the Belgian exporters is now directed toward replacing the German exporters, who, with the exception of Great Britain, did more business with Portugal before the war than any other country. The institution of Belgian commercial syndicates in Portugal and the sending of consular agents to that country are the chief means by which such a policy will be effected in the near future. The Portuguese market is especially attractive to Belgian manufacturers, for it presents more stable conditions than many other European markets. Political and racial considerations will also play an important rôle in the future commercial relations between the two Latin countries.

Economic Conditions in Czechoslovakia

THE general assembly of the Bank of Credit in Prague has decided upon an augmentation of capital from fifty million kronen to 100 million kronen. The president of the bank, Mr. Karlik, has explained the necessity of this augmentation as a consequence of the growing business activities of the institution. In the first place the importation of raw material for the indus-

tries demands the financial support of the bank. In this sense the Bank of Credit has already established relations with several banks in France and Holland. The following French banks are participating in its enterprises: Sociëtë Générale, Banque de Paris et des Pays Bas, and the Crëdit Mobilier. The Rotterdamsche Bankvereeniging is representing a group of Dutch banks.

Another Czechoslovak bank which has recently augmented its capital is the Union Bank of Bohemia. Its present capital is now 120 million kronen. This institution is also participating in the financial and economic improvement of the country.

The Discount Bank in Prague has changed its name to the Discount and Credit Bank of Bohemia. The Austrian bank Kreditanstalt of Vienna is largely interested in this Czechoslovak financial institution.

RELATIONS WITH THE UNITED STATES

A large corporation has been established under the name of "American Czechoslovak Commercial Corporation" with the purpose of facilitating and developing trade relations with the United States. The initial capital subscribed is only ten million kronen, but it will be augmented as soon as the business conditions of the two countries become normal. An important factor in the development of commerce between Czechoslovakia and the United States will be the return of Czechoslovak emigrants from the oversea countries, for they will bring a new stimulus into the economic life of the new republic. It is hoped that American manufacturers and financiers will replace the German and Austrian business men when normal conditions are established.

EFFICIENCY SAFETY SERVICE

Your Southern B/L Drafts

Banks and Trust Companies are invited to send us their Southern B/L drafts. We are well equipped for collecting these items on New Orleans and on other direct points in the Southern States.

A special department, under the immediate supervision of executive officers, experienced in commercial banking, handles these items promptly and at a minimum cost

We shall be glad to quote you our terms on request. Write us.

Hibernia Bank & Trust Co.
New Orleans

Growth of U. S. Foreign Branch System

FOLLOWING is a list of foreign branches of national banks and banks doing business under agreement with the Federal Reserve Board, which were open for business on November 15, 1919:

NATIONAL BANKS

1. National City Bank of New York City; Buenos Ayres, Argentina; Once, Buenos Ayres, Argentina; Rosario, Argentina; Bahia, Brazil; Pernambuco, Brazil; Porto Alegre, Brazil; Rio de Janeiro, Brazil; Santos, Brazil; Sao Paulo, Brazil; Santiago, Chile; Valparaiso, Chile; Artemisa, Cuba; Bayamo, Cuba; Caibarien, Cuba; Camaguey, Cuba; Cardenas, Cuba; Ciego de Avila, Cuba; Cienfuegos, Cuba; Colon, Cuba; Cruces, Cuba; Cuatro Caminos, Habana, Cuba; Galiano, Habana, Cuba; Guantanamo, Cuba; Habana, Cuba; Manzanillo, Cuba; Matanzas, Cuba; Pinar del Rio, Cuba; Placetas del Norte, Cuba; Remedios, Cuba; Sagua la Grande, Cuba; Sancti Spiritus, Cuba; Santa Clara, Cuba; Santiago, Cuba; Union de Reyes Cuba; Yaguaijav, Cuba; Genoa, Italy; Barcelona, Spain; San Juan, Porto Rico; Vladivostok, Siberia; Port of Spain, Trinidad; Calle Rondeau, Montevideo, Uruguay; Montevideo, Uruguay; Caracas, Venezuela; Maracaibo, Venezuela; Medellin, Colombia.

Temporarily closed—Moscow, Russia, and Petrograd, Russia.

BANK OF ATHENS

Head Office: ATHENS

(Drs. 5 = $1)

Capital paid up - - - $9,600,000

Branches

GREECE: in all the principal towns
CYPRUS: Limassol
TURKEY: Constantinople (Galata and Stamboul) **Smyrna**
ENGLAND: London, 22 Fenchurch Street
FRANCE: Marseilles, 33 Rue de la Darse

Principal Correspondents in New York

American Express Co.
Equitable Trust Co.
Guaranty Trust Co.
Irving National Bank
National Bank of Commerce
National City Bank

Banking business of every description transacted

Special facilities granted for the development of trade between America and the Near East

2. First National Bank of Boston, Mass.: Buenos Ayres, Argentina.

BANKS DOING BUSINESS UNDER AN AGREEMENT WITH THE FEDERAL RESERVE BOARD

1. American Foreign Banking Corporation, New York City: Brussels, Belgium; Cali, Colombia; Cristobal, Canal Zone; Harbin, Manchuria; Habana, Cuba; Manila, Philippine Islands; Panama City, Republic of Panama; Port au Prince, Hayti; Rio de Janeiro, Brazil.

2. Mercantile Bank of the Americas, New York City: Paris, France; Barcelona, Spain; Madrid, Spain.

Affiliated Institutions — Banco Mercantil Americano de Colombia; Bogota, Barranquilla, Cartagena, Medellin, Cali, Girardot, Manizales, Honda, Armenia, Bucaramanga, Colombia, Banco Mercantil Americano de Caracas; Caracas, La Guayra, Venezuela; American Mercantile Bank of Brazil; Para, Pernambuco, Brazil. National Bank of Nicaragua; Managua, Bluefields, Leon, Granada, Nicaragua. Banco Mercantil Americano de Cuba: Habana, Cuba. Banco Atlantida: La Ceiba, Tegucigalpa, San Pedro Sula, Puerto Cortez, Tela, Amapala, Honduras.

(A branch office is also maintained by the Mercantile Bank of the Americas in New Orleans, La.)

3. Asia Banking Corporation of New York City: Canton, China; Changsha, China; Hankow, China; Hongkong, China; Manila, P. I.; Peking, China; Shanghai, China; Tientsin, China.

4. International Banking Corporation of New York City: Bombay, India; Canton, China; Calcutta, India; Batavia, Java; Cebu, P. I.; Colon, Republic of Panama; Hankow, China; Harbin, China; Hongkong, China; Kobe, Japan; London, England; Lyons, France; Manila, P. I.; Peking, China; Puerto Plata, Dominican Republic; Panama, Republic of Panama; Rangoon, India; Shanghai, China; Soerabaya, Java; Singapore, Straits Settlements; Santo Domingo, Dominican Republic; Sanchez, Dominican Republic; San Pedro de Macoris, Dominican Republic; Santiago, Dominican Republic; Tientsin, China; Tsingtao, China; Yokohama, Japan.

(A branch office is also maintained by the International Banking Corporation in San Francisco, Calif.)

5. Park Union Foreign Banking Corporation, New York City: Paris, France; Shanghai, China; Yokohama, Japan.

(Branch offices are also maintained in San Francisco, Calif., and Seattle, Wash., by the Park Union Banking Corporation.)

The First National Corporation, Boston, Mass., has opened no foreign branches. A branch office of the corporation is maintained at 14 Wall Street, New York City.

Banking Service In the Far East

THE NEW YORK AGENCY of the Chartered Bank of India, Australia and China has on file reports of the financial standing of many Indian firms with the view to saving time in making credit investigations and expediting the actual shipment of goods. This supplements our complete banking service with all parts of India and the Far East through our branches located in the chief commercial centers of this vast territory. Our New York Agency will be glad to supply further information regarding Indian trade on request.

Chartered Bank of India Australia and China

LIMITED

Head Office London

New York Agency, 88 Wall Street
William Baxter, Agent

Capital and Reserve Over $24,000,000

The Shawmut Corporation of Boston, Mass., the French American Banking Corporation of New York City and the Foreign Credit Corporation of New York City have opened no foreign branches.

Presentation of Checks Drawn on Germany

THE American Foreign Banking Corporation of New York has made public the following letter received from the Dresdner Bank of Berlin regarding the presentation of checks drawn on Germany:

DRESDNER BANK

Berlin, Germany, Nov. 29, 1919.

American Foreign Banking Corporation, New York, N. Y.

Dear Sirs—We are in receipt of your favor of the 23d ult. enclosing a newspaper clipping out of the Journal of Commerce" of September 29, which deals with the question of presentation of cheques drawn on German banks. You add that in the article referred to, it is said that the German banks have instructions not to honor cheques issued in America and payable in Germany if presented two months after issue.

In reply we beg to say that this interpretation of the matter in question is totally erroneous. The time of sixty days (not two months) mentioned in the article represents the legal period within which a bona fide holder of a cheque has the right of recourse against the pre-endorsers and the drawer also against the drawee, provided that a sufficient balance is existing with the latter. After the lapse of those sixty days the holder of a cheque loses that right of recourse against the pre-endorsers if the cheques remain unpaid for one reason or another. There is therefore no question of the German banks having received or issued instructions not to honor cheques issued in America and payable in Germany if presented two months after issue. As a fact we are paying daily quite a number of cheques which have been issued before a much longer lapse of time, examining only if the cheques are otherwise in order and advised and whether the drawer keeps still a sufficient balance with us. These periods securing the right of recourse to the holders of cheques are different according to the place of issue of the cheques; thus if drawn in Germany cheques must be presented with-

National Bank of Greece

Head Office - ATHENS

Offers special facilities to manufacturers, exporters, merchants and bankers having business relations with the Near East

Capital fully paid £800,000

Reserve Fund, June 30, 1919 . . **1,420,000**

in ten days, if drawn in other European countries on Germany within twenty-one days and if drawn oversea within sixty days.

From the above it results that in some cases in which drawers or pre-endorsers do not offer a sufficient security it may have been useful to call the attention to that period of sixty days, but if you are of opinion that the warning given in the "Journal of Commerce" had an unfavorable effect on legitimate transactions we should feel obliged to you if you would give a necessary explanation to the editor and to induce him to rectify the statement as far as necessary.

We trust that you will now fully understand the matter but hold ourselves with pleasure at your disposal for any additional information you might desire. We remain, dear sirs,

Yours very truly,
DRESDNER BANK.

An Important British Affiliation

THE REVIEW of Barclays Bank, Ltd., comments as follows on the agreement recently concluded whereby Barclays Bank, Ltd., obtains a controlling interest in the British Linen Bank and the Union Bank of Manchester:

The British Linen Bank stands amongst the highest of Scottish banking institutions and has branches throughout Scotland. It operates under a Royal Charter and its name has been a household word in Scotland for upwards of one hundred and seventy years. The Union Bank of Manchester was established in 1836, and operates in Manchester and Liverpool and throughout Lancashire and the West Riding of Yorkshire.

There is evidence that Barclays Bank was in existence prior to 1729, although it was not until 1736 that the name "Barclay" first appeared in the firm. For a number of years the process of gradually linking up private and joint stock banks all over England has been followed until, with the amalgamation of the London Provincial and South Western Bank, Ltd., last year, there only remained in England and Wales a district in Lancashire and Yorkshire where branch facilities were not available. The conclusion of the agreements with The British Linen Bank and the Union Bank of Manchester is, therefore, the logical outcome of a definite policy pursued by Barclays Bank for many years.

Commercial Ties That Bind

THE TOTAL Asiatic commerce of the United States during the last fiscal year approximated $1,434,828,549, or $465,552,044 more than our whole South American trade for the same period. Trade with Japan alone amounted to $630,455,310, or 44 per cent. of our entire Asiatic commerce.

These figures are significant of the commercial bonds between this country and the Far East. These bonds are gradually being drawn closer and resulting in increasing opportunities for the sale of American products.

For assisting American business men and bankers in developing the rich markets of the East we offer the fullest co-operation of our offices in the Orient for the efficient transaction of matters affecting finance and credit.

Trade information on request.

OFFICERS

Charles A. Holder
President

T. Fred Aspden
Vice-President

E. B. MacKenzie
Secretary & Treasurer

PARK-UNION FOREIGN BANKING CORPORATION

56 Wall Street, New York

Paid Up Capital and Surplus, $2,250,000

These agreements will enable the bank to give greater facilities than those already offered to customers and will provide for their use nearly seventeen hundred branches in England, Wales and Scotland. This service should be particularly useful to trading concerns and also to foreign banking clients in that it will extend the drawing list available for their use. The Union Bank of Manchester and The British I inen Bank will enjoy the advantages of affiliation with a bank possessing a seat in the London Clearing House; they will have the benefit of the very complete foreign banking organization which Barclays have created, the use of some seventeen hundred branches, and the support of one of the largest banking institutions in the country.

It is also felt that a connection between the important industries of Lancashire and Yorkshire and the wealth of London and Scotland should prove beneficial to all three institutions and to their clients. Moreover, the agreement with The British Linen Bank will help to break down the artificial financial barrier existing between England and Scotland, while the extensive chain of communication established will tend to greater economy in the use of banking resources by providing channels for the automatic transfer of funds from districts where there is a surplus to those where there is a shortage.

The carrying through of these agreements involves certain increases in the share capital of the bank, and this opportunity has been taken to create a new class of shares which are to be allotted to the staff under an arrangement which is not yet quite perfected. The idea is to extend that spirit of co-partnership which, properly conceived and carried out, would seem to provide the best solution to many existing industrial difficulties.

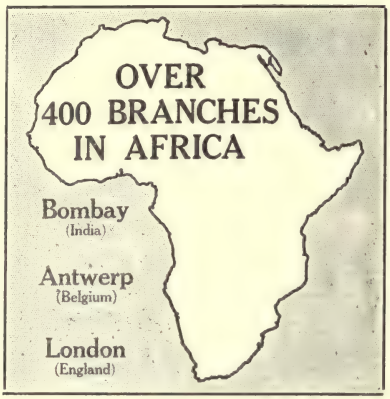


Report of the Western Australian Bank

THE Western Australian Bank has made the following reports for the half year ending September 29, 1919:

The net profit, after providing for bad and doubtful debts, for rebate on discounted bills current, for interest on deposits, and for all expenses of management was £29,950 12s; balance from previous half-year, £28,020 6s 6d; total, £57,970 18 s 6 d. From this the directors have paid a dividend of £1

South Africa's Get-Together Spirit



A GET-TOGETHER spirit of co-operative effort for industrial advancement has been South Africa's heritage from the war. One large corporation having this for its sole object is the National Industrial Corporation of Africa, Ltd.

Its effect is already being felt in increased industrial activity and demand for supplies.

The National Bank of South Africa, Ltd., maintains more than 400 branches throughout South Africa which we will gladly place at your disposal for co-operation when transacting business with that territory.

National Bank of South Africa, Ltd.

New York Office, 10 Wall Street **R. E. Saunders, Agent**

Total Resources over $287,000,000

per share, free of dividend duty, £25,000, and have carried forward £32,970 18s 6d. The reserve fund is now £700,000; reserve profits, £32,970 18s 6d, making a total of £732,970 18s 6d.

The chairman in moving the adoption of the report and balance sheet, said that the directors had been able to maintain an average volume of business, pay the usual dividend, and carry a substantial amount forward to next half-year, in spite of heavy demands in the way of taxation, and calls to subscribe to war loans, etc. Referring to the net profits the chairman stated that these were £390 better than the figures for March last and £829 in excess of those for September, 1918, and that the amount carried forward was satisfactory, as it showed an increase during the last three periods.

Deposits were a little less than in March by some £15,000, but were £276,000 higher than in September 1919, while specie, bullion and Australian notes also showed a small reduction compared with the March figures and an increase of no less than £211,000 compared with those for September 1918.

Advances increased by £28,000 since March, the amount being about the same as in September 1918. The chairman stated that after making every allowance for bad and doubtful debts, these results should be considered satisfactory.

The Western Australian Bank has total assets of £4,026,976 10s 2d.

Specialized Export Banking

Our organization specializes in every department of foreign banking and is prepared to act in any matters where proper performance is necessary to render export trading a success.

The facilities of our organization are at the disposal of banks or other financial institutions requiring direct representation abroad.

AMERICAN FOREIGN BANKING CORPORATION

53 Broadway, New York

Capital, Surplus and Undivided Profits over $5,000,000

African Banking Corporation, Limited

THE ORDINARY general meeting of the African Banking Corporation was held in London on January 15, 1920. At this meeting the directors announced gross profits for the year ending September 30, 1919, amounting to £463,486 13s 2d, including £36,013 4s 6d brought forward from last account. After deducting current charges and rebate there remained the sum of £194,773 8d, which was appropriated as follows:

	£	s	d
Interim dividend of 4 per cent. for the half-year ended March 31	40,000	0	0
Final dividend of 5 per cent. for the half-year ended September 30, 1919, making 9 per cent. for the year (subject to deduction of Income Tax)	50,000	0	0
Reserve fund	30,000	0	0
Staff guarantee and savings fund	5,000	0	0
Depreciation of furniture	2,107	5	1
Premises account	10,000	0	0
Pension fund	20,000	0	0
Balance carried forward	37,665	15	7

Total assets on September 30 were £11,731,653 8s 7d. The bank has an authorized and subscribed capital of £2,000,000; called up capital of £1,000,000; reserve liability of £1,000,000; and reserve of £360,000.

Besides maintaining branches in the



Success Founded On Confidence

AFFILIATED BANKS

COLOMBIA
Banco Mercantil Americano de Colombia
Bogota, Barranquilla, Cartagena, Medellin, Manizales, Girardot, Cali, Honda, Armenia, Bucaramanga
Cucuta

PERU
Banco Mercantil Americano del Peru
Lima, Arequipa, Chiclayo, Callao, Trujillo

VENEZUELA
Banco Mercantil Americano de Caracas
Caracas, La Guayra, Maracaibo

BRAZIL
American Mercantile Bank of Brazil
Para, Pernambuco,

NICARAGUA
National Bank of Nicaragua
Managua, Bluefields, Leon, Granada

CUBA
Banco Mercantil Americano de Cuba
Havana

COSTA RICA
Banco Mercantil de Costa Rica
San Jose

HONDURAS
Banco Atlantida
La Ceiba, Tegucigalpa, San Pedro Sula, Puerto Cortez

One of the important reasons why the Mercantile Bank of the Americas is successful is that it has secured, through its affiliated institutions in Latin America, a knowledge of, and sympathy with, local conditions and customs.

Our affiliated banks enter completely into the life of the countries in which they are located. Men prominent in the financial and business affairs of their respective countries act in conjunction with Americans in executive capacities. Furthermore, our branches in France and Spain, combined with our offices in New York and New Orleans, and our shareholding banks throughout this country, provide Latin Americans with a banking service which satisfies their every requirement.

Business men of Colombia, Peru, Venezuela, Brazil, Nicaragua, Cuba, Costa Rica, and Honduras have confidence in our affiliated institutions. This confidence, shared by North and Latin Americans alike, is largely responsible for the substantial growth of the Mercantile Banks of the Americas.

We are always at the service of American banks to help them in their foreign trade.

MERCANTILE BANK OF THE AMERICAS

An American Bank for Foreign Trade

44 PINE STREET NEW YORK

NEW ORLEANS OFFICE
732 Gravier Street

MADRID OFFICE
Gran Via 14

PARIS OFFICE
11 bis, Boulevard Haussmann

BARCELONA OFFICE
Rambla de los Estudios-Canuda 2

Paid up Capital and Surplus . . . $10,000,000

Best Banking Service

This institution offers you the best service as your correspondent in New England. Our resources are the largest in this territory; our connections in this country and abroad are the strongest. All these advantages are made available to you.

THE
FIRST NATIONAL BANK
of Boston

Deposits - - - -	$171,000,000
Resources - - -	280,000,000

Branch at Buenos Aires, Argentina

principal towns of South Africa this bank maintains an agency in New York at 64 Wall Street, in charge of William Logan.



London Joint City & Midland Bank, Limited

AN interesting announcement of a new issue of shares by the London Joint City & Midland Bank, Ltd., has been made by the Rt. Hon. R. McKenna in presiding at an extraordinary general meeting of the shareholders of the bank. The agreement for a fusion of interests with the Clydesdale Bank was ratified unanimously, and at the same time sanction was obtained for the creation of 1,500,000 new shares of £2 10s each.

If all the shares in the Clydesdale Bank are acquired by the Midland Bank, 500,000 of the new shares will be required for the purpose of this transaction. Of the balance it is proposed to issue 500,000 shares to shareholders on the register of the London Joint City & Midland Bank on March 1, 1920, in the proportion of one share for every eight existing shares of both classes. The price at which the shares will be offered is £5 per share, which in view of their present market value (£8 10s) offers a substantial advantage to shareholders. Following the precedent of the last issue of shares fractional certificates will not be issued, but arrangements will be made for the disposal of shares representing the aggregate of the fractions. The proceeds in excess of £5 per share will after payment of expenses be distributed pro rata among shareholders who would otherwise have been entitled to the fractions.

Assuming that the whole of the share capital of the Clydesdale Bank is exchanged for Midland Bank shares the capital and reserve fund of the London Joint City & Midland Bank after the forthcoming issue of shares will com-



Our Liverpool Branch

Convenient Banking

for European Travelers

THE FIRST BANK seen by a traveler landing at Liverpool is the Liverpool Branch of the Bank of British West Africa. Provided with either our own letters of credit or those of the American Bankers Association, obtainable at our New York Agency, the traveler finds adequate banking facilities readily available. In Manchester and London are other branches of this bank.

By reason of close relations with Lloyds Bank and National Provincial Foreign Bank, Limited, the traveler may obtain the same facilities at any of their Offices in Belgium and France. Our New York Agency will be glad to supply you with information regarding this convenient service.

Bank of British West Africa

Head Office, London

New York Office—100 Beaver Street.

R. R. Appleby and Rowland Smith, Agents

Subscribed Capital $10,000,000

Paid Up $4,000,000 *Surplus and Undivided Profits* $2,000,000

Have a Canadian Bank Handle Your Canadian Business

AMERICAN manufacturers doing business with Canada are inclined to forget that Canadian trade is foreign trade: that the financing of Canadian trade, like all foreign trade, is best done by specialists. They fail to realize that a Canadian banker's advice on problems of Canadian trade is as indispensable as a French banker's advice regarding French trade, or a Japanese banker's advice regarding Japanese trade. This is particularly true now that Canadian exchange is subject to serious fluctuations.

The officers of the New York Agency of the Union Bank of Canada are intimately in touch at all times with conditions in Montreal, Toronto, and Winnipeg; their advice in regard to the financing of Canadian trade is always at the service of American importers and exporters.

Our booklet
"Protecting Your Canadian Customer"
on request

Union Bank of Canada

Head Office
Winnipeg, Can.

New York Agency, 49 Wall St.
W. J. Dawson, F. L. Appleby, W. M. Forrest, Agents

Capital & Surplus
$13,600,000

pare with existing figures approximately as follows:

CAPITAL AND RESERVE FUND OF THE LONDON JOINT CITY & MIDLAND BANK

	Present Totals £	£
Authorized capital.	41,250,000	*45,200,000
Subscribed capital.	35,673,585½	*38,178,948
Paid-up capital...	8,417,335	*10,922,697½
Reserve fund.....	8,417,335	*10,922,697½

*Approximate totals after completion of Clydesdale purchase and issue of new shares.

The Union Bank of Manchester, Limited

THE ANNUAL general meeting of the above bank was held January 23, 1920.

Gross profits for the half-year ending December 31, 1919 were announced as £265,018 8s. Expenses amounted to £117,282 6s 5d, leaving a net profit of £147,736 1s 7d, to which must be added £40,681 16s 10d brought forward from last profit and loss account, making a total of £188,417 18s 5d which was appropriated as follows:

To dividend for the half-year ending December 31, 1919, of 5s per share less Income Tax of 6s to the £	£52,500.
Amount written off bank premises for the half-year	£10,000
Pension fund	£10,000
Income tax	£50,000
Special contingency fund	£50,000

Balance carried forward to next account, £15,917 18s 5d.

Lord Rochdale, chairman of the board, made the following remark in submitting the report:

"As a result of the agreement between our bank and Barclays Bank, Limited, an offer was made by the latter, in November, to all our shareholders to purchase their holdings in our bank by an exchange of 4 13/20ths of "B" shares, £1 fully paid, in Barclays Bank, Limited, for each share in our bank, £2 10s paid. This offer has been accepted by shareholders in respect of 298,120 shares, amounting to over

National Bank of Commerce in New York

James S. Alexander, *President*

Vice-Presidents

J. Howard Ardrey
Joseph A. Broderick
Guy Emerson
Herbert P. Howell
Louis A. Keidel
David H. G. Penny
John E. Rovensky
Faris R. Russell
Stevenson E. Ward
Roger H. Williams

Second Vice-Presidents

Harry P. Barrand
Louis P. Christenson
James I. Clarke
Archibald F. Maxwell
Edward H. Rawls
Everett E. Risley
Henry C. Stevens

Cashier
Richard W. Saunders

Auditor
Albert Emerton

Assistant Cashiers

Emanuel C. Gersten
Gaston L. Ghegan
Elmore F. Higgins
William F. Hofmayer
John J. Keenan
Edward W. McDonald
Franz Meyer
Don L. Moore
Alfred J. Oxenham
Roy H. Passmore
Julius Paul
Henry W. Schrader
Edward A. Schroeder
Hamilton G. Stenersen

Capital, Surplus and Undivided Profits
Over Fifty Million Dollars

99 1/3% of the entire capital of our bank. This bank will have two representatives on the board of Barclays Bank, Ltd., and Barclays will have two on our board. The operation has been carried through to the entire satisfaction of both boards of directors. Our shareholders have obtained a considerable increase in capital value, and a substantial addition to their income. The position of our depositors has been improved; and our customers have already reaped benefit in the extension of our connections abroad and at home. As a natural result, the bank's business has increased very considerably.

"The figures of the 'Current, Deposit and other Accounts' and the 'Loans and Advances to Customers,' appearing in the balance sheet, are abnormally high, as a result of certain special operations of our customers which are in progress, and, pending the completion of which there are large balances included under these two headings which are in the nature of 'contra' items."

International Banking Notes

The following statement by Mr. Maeterlinck was written by him when he learned of the success of the $25,000,000 Belgian Government External Gold Loan, which was offered to the American public on January 15 by a group of banks throughout the country, and which was fully subscribed by the close of business on that day:

"I am indeed happy to see that America has once more come to the assistance of Belgium—this time helping her in the conquest of peace, as she helped her to achieve victory.

"Nor is Belgium unworthy of this new proof of confidence given by her great friend. No country has bent itself to the task of reconstruction with fewer words, greater simplicity, or more zeal. None is emerging so rapidly from its ruins; none can inspire fuller confidence in its future. More than any other—has she not proved it in this war?—Belgium has the courage of her plighted word and the will to do her duty in full."

———o———

The total authorized capital of $10,000,000 of the Chinese-American Bank has been fully subscribed. Reports from Peking are to the effect that this new enterprise is highly regarded in Chinese circles.

This bank is an enterprise of great im-

portance and promise, both on account of the standing of the American and Chinese interests involved, and of the favorable financial situation in China where the high value of silver has greatly stimulated commerce and production.

The chief representatives of Chinese finance and industry are interested in this bank.

———o———

Cable advices from Pretoria, Transvaal, to R. E. Saunders, New York agent of the National Bank of South Africa, Ltd., 10 Wall Street, announces the opening of a branch of the bank at St. Helena, the Island of St. Helena. This is the first new branch of any bank to be established on the island in many years.

———o———

The directors of the Manchester & Liverpool District Banking Company, Ltd., have reported net profits for the year ending December 31, 1919, as £510,878 10s 0d, after payment of all expenses and making provision for bad and doubtful debts. To this must be added £126,389 6s 5d brought forward from last account, less a bonus to the staff of £54,470 9s 8d, making a total of £582,797 6s 9d, which was appropriated as follows:

Interim dividend of 5s 6d a share, being at the rate of 18⅓ per cent per annum, for the half-year ending June 30. 1919, subject to the deduction of income tax, £173,800.

Dividend of 5s 6d a share, being at the rate of 18⅓ per cent per annum, for the half-year ending December 31, 1919, subject to the deduction of income tax, £173,800.

This left a balance of £235,197 6s 9d, of which £100,000 was carried to war loan and other British Government securities account and £135,197 6s 9d was carried over to the next account.

On December 31, 1919, this company had total assets of £68,122,862 19s 6d.

———o———

The directors of the National Discount Company, Ltd., report gross profits for the year ending December 31 last amounting to £621,970 2s 9d, which, with the balance of £47,320 3s 5d brought forward from the previous account, gives a total of £669,290 6s 2d.

After providing for all charges, applying £64,000 to write down investments to current prices as on December 31 last, and reserving £454,938 3s 9d for rebate of interest on bills not matured, there remains the sum of £118,369 13s 8d. The interim dividend for the half-year to June 30 last, of 6s per share, less income tax, absorbed £35,559 18s 7d, leaving £82,809 15s 1d for appropriation.

Of this balance £35,559 18s 7d were applied to the payment of a final dividend of 6s per share less income tax, making 12 per cent for the year. £47,249 16s 6d were carried forward to next account.

The total assets of this company on December 31, 1919, were £33,788,826 16s 9d.

———o———

The Investigation Department of the Industrial Bank of Japan has published the "Seventeenth Semi-Annual Table of Bonds and Debentures in Japan, existing June 30, 1919."

The information is compiled in handy form and is given both in English and in Japanese.

———o———

The growth of the business of the Rotterdamsche Bankvereeniging, whose main offices are located at Rotterdam, Amsterdam and The Hague, and its affiliated institutions, is shown in the following comparative table, giving figures for 1911 and 1918:

ASSETS

	1911	1918
Available funds	f17,826,191	f203,493,580
Investments and syndicates	3,536,224	16,011,549
Loans on stocks and bonds	8,296,337	86,834,197
Current accounts	33,583,071	202,138,172
Bank premises	362,000	5,190,998
Total	f63,603,825	f513,668,498

LIABILITIES

Capital paid up	f14,000,000	f59,000,000
Reserve fund	3,400,000	18,869,074
Current accounts	46,100,831	435,498,261
Balance carried forward	102,994	301,162
Total	f63,603,825	f513,668,498

Since the issue of September 26, 1919, the bank's capital is f75,000,000 and its surplus is f25,000,000. With its affiliated institutions, the bank maintains branches throughout Holland and it is represented in South America by its affiliated bank, the Hollandsche Bank voor Zuid-Amerika. It is also the appointed chief representative of the National Bank of South Africa, Ltd.

Your Banking Abroad

We transact a general foreign and international banking business, with special facilities in connection with France and the French Colonies and Dependencies.

The following banks are associated with and own the entire capital stock of the French American Banking Corporation:

Comptoir National D'Escompte de Paris
National Bank of Commerce in New York
The First National Bank of Boston

Numerous branches and correspondents of these banks all over the world furnish a thorough equipment for foreign trade purposes.

James S. Alexander, President,
National Bank of Commerce in New York.
Paul Boyer, President,
Comptoir National D'Escompte de Paris.
Paul Fuller, Jr.,
of Messrs. Coudert Bros., N. Y.
F. Abbot Goodhue, Vice-President,
The First National Bank of Boston.
Maurice Lewandowski, Manager,
Comptoir National D'Escompte de Paris.
Edgar Llewellyn, Manager,
Comptoir National D'Escompte de Paris.
John E. Rovensky, Vice-President,
National Bank of Commerce in New York.
Maurice Silvester, President,
French American Banking Corporation.
Stanislas Simon, Managing Director,
Banque de l'Indo Chine, Paris.
Harry B. Thayer, President,
American Telephone & Telegraph Co.
Daniel G. Wing, President,
The First National Bank of Boston.
Owen D. Young, Vice-President,
General Electric Company.

FRENCH AMERICAN
BANKING CORPORATION

67-69 William Street, New York

For the year ending June 30, 1919, the directors of Ernesto Tornquist & Company, Ltd., of Buenos Aires report net profits of Gold $1,693,573.72, which was appropriated as follows:

Five per cent to the legal reserve fund, Gold $84,678.69.
Six per cent dividend on the Gold $3,000,000 preferred shares: Gold $180,000.
Eight per cent dividend on the Gold $9,000,000 ordinary shares, Gold $720,000.

This left a balance of Gold $708,895.03 to which was added the balance of profit brought forward from the year 1917-18 or Gold $109,543.43, making a total of Gold $818,438.46. Of this amount Gold $700,000 was appropriated to the Extraordinary Reserve Fund and Gold $118,438.46 was carried forward to new account.

———o———

Becketts' Banks, with head office in Leeds, England, showed total assets on December 31, 1919, of £12,026,069 2s 6d, consisting of cash in hand, with the Bank of England, and at call, £1,669,866 12s 3d; English treasury bills, £1,800,000; investments, £7,118,929 12s 3d; advances to customers and bills discounted, £4,185,624 11s 6d; bank premises, £196,082 16s 7d; liability on undue drafts, and on foreign bills negotiated per contra, £525,432 2s 2d.

———o———

The first American bank to be established in South Africa is the branch of the National City Bank of New York, which opened at Cape Town on January 15, according to a cable despatch received at the bank's head office. The bank expects to open a branch at Johannesburg in the near future.

Reports from the National City Bank's representatives indicate that South Africa is enjoying a season of great post-war prosperity. Exports of automobiles from the United States to that section have been particularly heavy during recent months.

———o———

The importance of wide public support in the matter of supplying European credits is emphasized in a recent issue of "American Goods in Foreign Markets," the semi-monthly review of foreign trade conditions issued by the Guaranty Trust Company of New York.

The publication says that while manufacturers and exporters are thoroughly ac-

The Union Bank of Manchester, Limited

Head Office
17 York St., Manchester, Eng.

Liverpool Office
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

	($5=£)
Nominal Capital . .	$12,500,000
Paid-up Capital . . .	3,750,000
Reserve Capital . .	3,750,000
Subscribed Capital . .	7,500,000
Reserves	2,825,000
Surplus over Liabilities .	10,325,000

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

quainted with the implication and inevitable effects on foreign trade if the drop in exchange is not checked, "it is not quite clear that it is understood by the general public, and particularly by those who have funds for investment, that their coöperation is essential if the present situation is not to continue indefinitely."

———o———

According to Pekin advices received recently by the London *Times*, there has recently been constituted the Commercial and American Bank of China, a Chinese and American concern with a capital of $10,000,000 (£2,000,000), half paid up, of which Chinese and Americans are equal subscribers. Chien Nung-Hsun, the late Prime Minister, is president, with Hsu Enyuan and J. A. Thomas, formerly of the British-American Tobacco Company, as vice-presidents.

The new bank will do foreign exchange and general banking business, with a particular eye to financing Chinese foreign industrial enterprise. The general manager and many of the staff will be British and the board half American and half Chinese, so with a Chinese president the majority of the directors will be Chinese. The bank will do business under a Chinese charter and will handle the funds of the wine and tobacco monopoly about to be reorganized under American direction. The foreign share capital has been found by prominent American bankers. Among the Chinese shareholders are President Hsu Shih-chang, the former Presidents Li Yuan Hung and Feng Kuo Chang, the redoubtable Chang Hsun and other notable Chinese.

The interesting feature about the new bank is that it is a genuine Chinese and foreign affair of which the Chinese share of the capital is actually forthcoming and not on paper, as usually happens.

———o———

A new Sino-Japanese banking institution, to be known as the China and Southern Bank, has been established in Formosa to finance enterprises in the Dutch East Indies and the South Pacific, and to conduct an ordinary banking business in Formosa. The bank is capitalized at $5,000,000, and the head office is at Taihoku. Branches have been opened in Canton, Samarang and Singapore. The bank aims to provide a financial medium for the development of

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halevy. **Antwerp Branch: 22 Place de Meir**

Lisbon Branch: 32 Rua Aurea

	($5=£1.)
CAPITAL (Authorized) - - - - - -	$20,000,000
SUBSCRIBED CAPITAL - - -	15,000,000
PAID-UP CAPITAL - - - - -	10,200,000
RESERVE FUND - - - - - -	10,500,000

DIRECTORS.

E. ROSS DUFFIELD, ESQ.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C.E.
KENNETH MATHIESON, Esq.
J. W BEAUMONT PEASE, Esq.
HERMAN B. SIM, Esq.
Sir RICHARD V. VASSAR-SMITH, Bart.
ROBERT A. THURBURN, Esq.

BANKERS: BANK OF ENGLAND;
LLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARR'S BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curityba, Porto Alegre, Victoria, also an agency at Manaos. URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.
Drafts and Cable Transfers Sold on all Branches and Agencies.

Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, AGENT.

commercial enterprises between China and the South Seas on one hand, and Formosa and Japan on the other.

———o———

The Mercantile Bank of the Americas has announced the opening in Cucuta of the eleventh branch of its affiliate, the Banco Mercantil Americano de Colombia, the head office of which is in Bogota, Colombia.

———o———

Charles Arnold Pye has been appointed assistant sub-agent of the Liverpool office of the Guaranty Trust Company of New York.

———o———

Baron Cunliffe of Headley, Governor of the Bank of England, died on January 5, 1920.

Lord Cunliffe was 65 years old. He was educated at Harrow and Trinity College, Cambridge. His financial career began as a member of the firm of Cunliffe Bros. In 1895 he was appointed a director of the Bank of England and served in that capacity until 1911. He was also a director of the Northeastern Railway Company. In 1911 he was appointed Deputy Governor of the Bank of England and served in this capacity until 1914, when he was elected Governor.

The committee of financial experts of which Lord Cunliffe was chairman studied financial conditions after the war, and in the Winter of 1918 issued a report stating that they saw no reason for changing the principles of the Bank of England. In this they were in disagreement with Sir Edward Holden, head of the London Joint City and Midland Bank, who would have remodeled the Bank of England after the pattern of the Federal Reserve act of the United States.

———o———

The Trust Company of Cuba enjoyed during 1919 the most successful year in its history. Net profits were $235,192.00 or 47 per cent of the capital. $150,000 has been transferred to reserve fund, making that fund $750,000 or 150 per cent compared to capital. $85,709 has been carried over in profit and loss account to provide for taxes and dividends for the coming year.

The Trust Company pays dividends at the rate of 12 per cent per annum.



The National Bank of the REPUBLIC OF CHICAGO

OFFERS exceptional service in exceptional times, and invites the accounts of responsible people requiring Chicago facilities.

Capital and Surplus $3,000,000

OFFICERS

John A. Lynch - - - President		Wm. B. Lavinia - - Asst. Cashier	
Wm. T. Fenton, 1st Vice-Pres. & Mgr.		Thomas D. Allin - Asst. Cashier	
Robt. M. McKinney - 2nd Vice-Pres.		Louis J. Meahl - - Asst. Cashier	
Watkin W. Kneath, - 3rd Vice-Pres.		Wm. C. Freeman - Asst. Cashier	
Oscar H. Swan - - - Cashier		Chas. S. Macferran - Asst. Cashier	
	Walter L. Johnson - Asst. Cashier		

The opening of a new branch of the National Bank of South Africa, Ltd., at Omaruru, South West Africa, is announced by R. E. Saunders, New York agent. This follows closely the opening of branches of the bank at Hillbrow, Johannesburgh, in the Transvaal, and at Laingsburgh and Mount Fletcher, Cape of Good Hope. The bank now maintains more than 400 branches throughout the Union of South Africa.

———o———

The United States Treasury Department has authorized the flotation in the United States of an issue of $25,000,000 Italian bonds, known as Series A, and which is the first installment of a complete issue of $100,000,000 worth. The issue is underwritten by a group of leading Italian banks, comprising the Banca Commerciale, Credito Italiano, Banco di Napoli, and Banca Italiana di Sconto. The bonds are dated February 1, 1920, and mature in five years. They are to be offered at 97.50 and accrued interest, the rate being 6½ per cent. They carry the conversion privilege at maturity by which they may be paid either in dollars or lire at the rate of seven to the dollar, subject to the option of the bondholder.

The bonds are in denominations of $50, $100, $500 and $1,000, and will be sold here through the five thousand or more Italian banks in the United States. The Italian Discount and Trust Company in New York City will sell the bonds over the counter. The aim is to reach the five or six million Italians in the United States, who heretofore have been sending to Italy for deposit in Italian banks between eighty and one hundred million dollars a year. Instead of this transfer of funds, the Italian Government aims to establish in this country credits effected by the subscription to these bonds and to make purchases of American merchandise against these credits.

Experience has shown that the Italian immigrant prefers to send his money to Italy for deposit in the savings bank there rather than to invest in Liberty Bonds or other securities in this country. It is thought, therefore, that the interests of the United States Treasury Department will not be affected by the sale of these dollar bonds in the United States.

———o———

The grand total of international trade of the twenty Latin American republics, ac-

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office: HELSINGBORG, Sweden

Branches STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 62 other Places in Sweden

($0.26 = 1 Kr.)

Capital Paid Up . .	Kr. 30,000,000
Surplus About . .	Kr. 17,200,000
Resources About . .	Kr. 373,000,000

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

Inquiries and applications for terms are cordially invited and will find prompt attention

Principal New York Correspondents { The Mechanics & Metals National Bank / The National City Bank of New York

cording to the National City Bank of New York, has advanced from about $3,000,000,000 in 1913 to nearly or quite $5,000,000,000 in 1919, the exports showing an increase of nearly 100 per cent in stated value, and the imports an increase of about 50 per cent; though it is proper to add that these increases in the grand total of values are due in a very considerable degree to the higher prices in 1919.

The United States, says the bank's statement, has fared generously at the hands of her Latin American neighbors during this period. Prior to the war the Latin Americans were, as a great group, taking only about 23 per cent of their total imports from the United States, while in 1919 they took from us, as nearly as can now be estimated, 46 per cent of their greatly increased imports. Their aggregate imports advanced from $1,400,000,000 in 1913 to about $2,000,000,000 in 1919. Our total exports to Latin America in the fiscal year 1914, all of which preceded the war, were $282,000,000, and in the calendar year 1919 approximately $930,000,000. They increased their imports about $600,000,000, while our exports to them increased about $650,000,000 in the same period.

———o———

It is reported that stockholders of the London Joint City and Midland Bank, Ltd., have ratified an agreement for a fusion of interest with the Cleysdale Bank, which involves the creation of 1,500,000 new shares of £2 10s each.

If all of the Cleysdale Bank shares are acquired by the Midland Bank, 500,000 of the new shares will be required for the purpose of the transaction. On the balance it is proposed to issue 500,000 shares to shareholders in the proportion of one share for every eight existing shares of both classes. The shares will be offered at £5. The present market value of the bank's stock is £8 10s.

If all of the Cleysdale Bank shares are acquired the capital and reserve fund of the purchasing institution after the new stock has been issued will be: authorized capital, £45,200,000; subscribed capital, £38,178,948; paid-up capital, £10,922,697, and reserve funds, £10,922,679.

———o———

The directors of Lloyds Bank Limited announce that, after payment of salaries to the staff, including men on naval or military service, pensions, staff special bonuses and allowances, other charges and expenses, and the annual contribution to the Provident and Insurance Fund, and making full provision for rebate, income tax, bad debts, contingencies, etc., the available profit for the past year is £2,876,302. To this has to be added £472,755 brought forward from the previous year, making a total of £3,349,057. (These figures include the profit of the West Yorkshire Bank for the whole year.)

Out of this total an interim dividend of 14s 6d per share, being at the rate of eighteen and one-eighth per cent per annum, and amounting, less income tax, to £572,377, was paid for the half-year ended June 30 last; £200,000 has been written off the bank premises account; £1,150,000 has been placed to the special contingency account for writing down the Bank's investments; £50,000 has been allocated to the staff widows' and orphans' fund, and £150,000 has been added to the reserve fund.

After making these appropriations, there is a balance of £1,226,680 remaining, out of which the directors have decided to recommend to the shareholders at the ensuing general meeting that a dividend at the same rate, amounting, less income tax, to

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President
RAFAEL MORENO, Secretary
D. GARCIA, Cashier
O. M. SHUMAN, Chief Foreign Dept.

($0.50 = 1 peso)

Capital fully paid-up . . . (pesos) 6,750,000.00

Reserve Funds 4,250,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.
Spain: Banco Hispano Americano
Hongkong: Netherland India Com'l Bank
San Francisco: Wells Fargo Nevada Nat'l Bank
New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.
Paris; Comptoir Nat'l d'Escompte
Australia: Bank of New South Wales
Shanghai: Bank of Canton, Ltd.
Chicago: Continental & Commercial Nat'l Bank
Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

£597,616, be paid for the past half-year, together with a bonus of 3s per share for the same period, also less income tax, amounting to £123,644, leaving £505,420 to be carried forward to the profit and loss account of the current year. The dividends and bonus together represent a distribution for the whole year of 20 per cent, less income tax.

The available profit for the previous year was £2,358,382, to which was added £289,464 brought forward, making a total of £2,647,846. Out of this, £897,108 was paid in dividends and £117,522 in bonus; £200,000 was written off the bank premises account, £100,000 set aside to establish the above-mentioned widows' and orphans' fund, £200,000 placed to the special contingency account, £660,460 added to the reserve fund, and £472,755 carried forward.

—o—

The Bank of Adelaide has announced the purchase of the business and premises of the Australian Deposit and Mortgage Bank, Ltd., of 267 Collins Street, Melbourne, Victoria. A branch of the Bank of Adelaide is now open at this address for the transaction of all banking business. In January, 1919, the bank established a branch at 105 Pitt Street, Sydney, New South Wales, so that it is now directly represented in three states of the Commonwealth.

—o—

The president of the Netherlands State Bank, Dr. Vissering, recently published his views in one of the leading Dutch newspapers, and gave as his conclusions the following basis for the reorganization of the present chaotic conditions:

1. Stopping the creation of artificial buying power by the sale of Government and municipal bonds and paper money.
2. Revision of public debts.
3. A general credit organization to be established with the co-operation of all the important countries.
4. An organization to barter for those countries whose currency has no international value.

After these conditions are complied with, the writer urges as necessary:

5. The revision of the money and creditor systems in the countries whose currency has lost all strength.

—o—

It is reported from Paris that the Bankers Trust Company of New York has bought the entire Hotel Bristol and that the Irving National Bank has taken quarters on the Place Vendome.

The Logical Bank to Handle Cuban Business

Banco Internacional de Cuba

82 Branches located at all leading points as well as an intimate knowledge of Cuban Commerce requirements and customs

Inquiries invited

FOREIGN DEPARTMENT

HEAD OFFICE . . HAVANA, CUBA

It is reported that the former Swiss Finance Minister, Dr. Joseph Motta, was succeeded on January 1 by M. Jean-Marie Musy. M. Musy, who is one of the three Federal Councilors elected by the Federal Assembly on December 11, was born on April 10, 1876, at Albeuve en Gruyère in the canton of Fribourg. He has studied at the Universities of Fribourg, Munich and Berlin and has been successively an advocate, a director of the *Credit gruyérien* and Councilor of State since 1912. It is assured that the management of the Federal finances will be conducted by him, as it was by his predecessor, with a firm hand.

———o———

The second general meeting of the shareholders of the Chosen Industrial Bank, Ltd., was held at Seoul on August 16, 1919. The profits of the bank after deducting expenses, providing for interest on deposits, rebate on bills, and for all bad and doubtful debts, were announced as Yen 115,381.40, to which was added the Government subsidy of Yen 43,000, making a total of Yen 153,381.40 which has been appropriated as follows:

	Yen
Dividend, 7 per cent per annum, excluding the shares held by the Government....	135,381.40
Reserve fund to provide for loss	9,509.00
Reserve fund to equalize dividend	2,500.00
Bonus and allowances.....	11,000.00
	Yen 158,381.40

On June 30, 1919, this bank had total assets of Yen 49,751,191.05. The bank was established October 1, 1918, under special Government Charter.

———o———

The eighty-ninth general meeting of the Bank of Liverpool & Martins Limited was held on January 27, 1920. At this meeting net profits for the half-year ending December 31, 1919, after payment of current expenses and provision for all bad and doubtful debts, amounted to £325,320 8s 6d, to which must be added the balance of profit brought forward from last account which amounted to £110,878 13s 1d, making a

Foreign Exchange Department

Letters of Credit Negotiated

Arrangements can be made for the importation of merchandise through the use of dollar acceptances

Capital $3,000,000 **Surplus $1,000,000**

OFFICES

Market and Fulton
81-83 Fulton St.
New York

Eighth Street
Broadway & 8th St.
New York

Sherman
Fifth Ave. & 32nd St.
New York

Aetna
92 West Broadway
New York

Long Island City
Bridge Plaza
Long Island City

Flatbush
839 Flatbush Ave.
Brooklyn

New Utrecht
New Utrecht Ave. & 54thSt.
Brooklyn

Brooklyn
350 Fulton St.
Brooklyn

Irving Trust Company

Frederic G. Lee, President

Woolworth Building, New York

total of £436,199 1s 7d which was appropriated as follows:

	£	s.	d.
To the payment of a dividend of 8 per cent. subject to deduction of Income Tax.....	171,911	4	0
To investment reserve account	150,000	0	0
Balance carried forward to next account	114,287	17	7

On December 31, 1919, the bank had total assets of £86,990,237 11s 4d.

———o———

It is reported that negotiations are in progress for a combination of the interests of the Anglo-South American Bank, Limited, and the British Bank of South America, Limited. Just what form this combination will take has not yet been made public, but it is considered to have an important bearing on the future and enlarged activities of both institutions, representing as they do two of the leading export banks of Great Britain.

———o———

At a meeting of the board of directors of the Asia Banking Corporation, R. E. Ellis was appointed manager of the New York office of the corporation.

The Bank of British West Africa, Limited, opened on January 1 a branch at Rabat, Morocco.

———o———

At the annual meeting of the board of directors of the American Foreign Banking Corporation, held January 16, 1920, the following officers were elected and appointed: Albert H. Wiggin, chairman of the board; Archibald Kains, president; Hayden B. Harris, Alfred G. Fletcher, Emil Fleischmann and Philip J. Vogel, vice-presidents; Charles A. Mackenzie, secretary and treasurer; C. B. Holt and W. E. Sullivan, assistant treasurers; S. F. Schleisner, assistant to the president.

———o———

The Banco Nacional de Cuba in its general balance sheet dated December 31, 1919, showed total assets of $145,597,273.90. Deposits were $106,532,524.90. The bank has a capital of $5,000,000 and a surplus of $8,000,000. A semi-annual dividend of four per cent. plus a special dividend of one per cent. making a total of five per cent. semi-annual was paid on January 2, 1920.

The New York branch of this institution

FRENCH AMERICAN BANKING CORPORATION

67-69 William Street, New York

Associated Banks owning entire Capital Stock

Comptoir National D'Escompte de Paris
National Bank of Commerce in New York
The First National Bank of Boston

Republic of France
5% Internal Loan of 1920

CONDITIONS—The French Government offers for subscription the new 5% Amortizable National Loan. These bonds will be dated May 1st, 1920, redeemable in series by semi-annual drawings within 60 years from date of issue at a premium of 50%, or at 1,500 francs for each bond of 1,000 francs capital par value. Drawings will take place March 16 and September 16 of each year, beginning with September 16, 1920. Bonds not drawn are subject to redemption at 150% of their capital par value at the option of the Government.

DENOMINATIONS—Coupon bonds payable to bearer are issued in denominations of 1,000, 2,000, 10,000 and 20,000 francs capital par value, but the face of the bond will indicate the annual income rather than the principal. For the purpose of drawings, the issue is divided in series of 25,000,000 francs capital par value in each series.

INTEREST—Interest payable May 1 and November 1. The first coupon will be paid November 1, 1920, for 35 francs, which includes the regular 25 francs semi-annual coupon and 10 francs to cover accrued interest to May 1, 1920. Principal, interest and premium of this loan are payable free of French taxes.

OBLIGATION—These bonds will be the direct and absolute credit obligations of the Republic of France. Those to be distributed in the United States are a part of the National Loan offered in France during the same subscription period.

PRICE—Subscription price: Par (1,000 francs for each 1,000 francs bond) payable in full at time of subscription at the current rate of exchange on Paris for the previous day as determined by the Financial Agency of the French Government in New York.

SUBSCRIPTIONS—The French American Banking Corporation is authorized to receive subscriptions from February 19 to March 20 unless subscriptions are closed earlier.

WIRE US FOR QUOTATION

The French American Banking Corporation is prepared to issue promptly negotiable interim certificates.

All statements made herein are from official sources or from those which we regard as reliable, and, although not guaranteed, are accepted by us as accurate.

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E.C.3.

Capital Authorized and Subscribed . . .	**$7,500,000**	**(£1,500,000)**
Capital Paid-up	**3,750,000**	**(£ 750,000)**
Reserve Fund and Undivided Profits . .	**3,928,970**	**(£ 785,794)**

BANKERS: Bank of England; London Joint City and Midland Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application.
Fixed Deposit rates quoted on application.
On **current accounts** interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY—Bank of Montreal

is known as the Bank of Cuba in New York. W. A. Merchant, president of the Banco Nacional de Cuba, is also president of The Bank of Cuba in New York and J. F. Monahan is vice-president. The office of the New York branch is at 34 Wall street.

———o———

The New York agency of the Bank of British West Africa, Ltd., has announced that Sir Henry Babington Smith, K.C.B., C.S.I., who was formerly in charge of the British Embassy in Washington after the departure of Lord Reading, has been appointed a member of the board of directors of the bank.

———o———

What probably constitutes record figures for a bank's balance-sheet (not including in the term "bank" Government institutions) appears in the statement of the London City and Midland Bank, Ltd., for December 31 last. The total resources on the date named aggregated £418,848,771, which figured at the rate generally employed in making rough conversions of pounds sterling into dollars, would exceed the stupendous total of more than $2,000,000,000. Deposits and current accounts alone were £371,742,389, the paid-in capital was £8,417,335 and the reserve fund the same.

For the year ending December 31 the net profits of the bank, after providing for all bad and doubtful debts, were £3,079,460. Two dividends were paid at the rate of eighteen per cent. per annum, less income tax, £475,202 was applied to salaries and bonuses, £250,000 to a special "peace" bonus, £1,000,000 to reserve for depreciation of war loans and future contingencies, £250,000 to bank premises redemption fund, leaving to be carried forward £726,852.

Following is the statement of condition of the Mercantile Bank of America at the close of business December 31, 1919:

ASSETS

Cash on hand and deposits in Federal Reserve Bank and other banks in the United States		$3,359,657.29
United States Bonds and Certificates		3,345,902.50
Prime Bankers Acceptances		4,539,874.74
Commercial Bills of Exchange		1,437,788.12
		$12,683,222.65
Loans and advances:		
Secured—		
Due from foreign branches and agencies	38,973,719.67	
Due from customers	7,021,356.11	
Unsecured—		
Due from foreign branches and agencies	876,355.37	
Due from customers	672,122.02	
		$47,543,553.17
Customers' liability account letters of credit		5,365,520.37
Stock of affiliated institutions		5,117,585.14
Furniture and fixtures		1.00
Interest paid in advance		291,179.51
Total		$71,001,061.84

LIABILITIES

Current accounts:		
Due to foreign branches and agencies	$9,936,187.43	
Due to customers	5,489,888.08	
		$15,426,075.51
Acceptances outstanding		26,828,305.68
Contingent liability under credits issued by other banks and bankers		10,170,000.00
Letters of credit issued		5,365,520.37
Sundry accounts payable		54,626.49
United States Government Bonds borrowed		2,400,000.00
Unearned interest received		299,395.71
Capital stock		6,500,000.00
Surplus		3,500,000.00
Undivided profits		457,138.08
		$10,457,138.08
Total		$71,001,061.84

———o———

The Board of directors of the Foreign Trade Banking Corporation have elected C. M. Sherwood secretary, to succeed W. T. Law, who has resigned.

R. E. Saunders, New York agent of the National Bank of South Africa, Ltd., has announced that a branch of the bank has been opened at Wynberg, in the Cape Province. More than 400 branches of this bank, whose main office is at Pretoria, Transvaal, are now located throughout South Africa.

R. R. Appleby, New York agent of the Bank of British West Africa, has announced the opening of a new branch of the institution in Bradford, Yorkshire, England, one of the world's most important wool centers.

Another Woman Bank Officer

EVERY month it becomes more evident that women are well qualified to fill important posts in the field of banking. The latest woman to be accorded an official position in an important bank is Mrs. Key Cammack, who is now assistant secretary of the New York Trust Company.

Mrs. Cammack's special work will be in the preparation of household and personal budgets for the clients of the bank. The New York Trust Company has seen the national need for thrift and has realized that thrift means sensible and scientific spending. With this in mind the company offers to its depositors a very helpful service in planning out individual budgets, in helping people to spend wisely and to stop up the unnecessary leaks.

For this sort of work Mrs. Cammack is admirably fitted. In addition to the service mentioned above, Mrs. Cammack co-operates with those far-sighted schools which wish their pupils to know the elementals of banking, by talking with, not at, various classes of young pupils and by discussing with them the subject of banking and thrift.

Mrs. Cammack was born in New York, though of a Southern family as the name of Key would indicate. Her early childhood was passed in New Orleans and her social debut was made in Washington. After her marriage she passed a number of years in Rome where she took an active part in the social life of that capital.

Returning later to New York, she became first interested in work connected with the New York Library and also in the Model Tenements. At this time also she took up writing and had a number of verses and stories accepted by various periodicals. She also wrote a book for children which was published by Duffield and Company.

During the war, she gave up writing and after qualifying through a Red Cross course, became associated with the Art War Relief, an organization of painters, sculptors and writers. Later in the war she sought a broader field in the Employment Bureau of the U. S. Department of Labor, which position she left after the Armistice, to enter the New York Trust Company.



MRS. KEY CAMMACK
Assistant Secretary, New York Trust Company, New York

Perhaps Mrs. Cammack's chief characteristic is her enthusiasm for her work and the energetic spirit in which she is seizing this opportunity to show what the business woman can do in the field of banking.

Nicaragua the Central American Republic With a Future

By A. F. Lindberg

Commissioner, High Commission of Nicaragua, Ex-Deputy Collector General of Customs and Auditor

IF the average American were asked the location of Nicaragua, he would probably guess South America instead of Central America, or he would be non-committal.

HISTORICAL OUTLINE

During Spanish times Nicaragua was one of the component parts of the Spanish colony of Central America, governed by a captain-general, who administered justice from Guatemala City in the present Republic of Guatemala. At the time of separation from Spain in 1821, the five Central American republics were practically one state, but this status lasted only a few years when each republic became self-governing and a proportionate amount of the republic debt was assumed by each one. There is very little of interest in Nicaragua's history up to the time of the invasion of the country by the American filibuster, Walker. Walker was a man of considerable ability, and by reason of internal dissensions in Nicaragua was virtually able to assume the supreme command of the entire country until his activities could no longer be tolerated by the United States. A short time after leaving Nicaragua he initiated a revolutionary movement in Honduras, was captured and shot.

Due to the good offices of the United States Government, the Mosquito Coast on the east coast of Nicaragua, formerly a protectorate of Great Britain, was ceded to the republic with full sovereign powers. The "Golden Age" of Nicaragua was the period between 1860 and 1893. While there was not a tremendous advance along the lines of civilization during this period, yet the internal administration was good, and there was economy in public expenditure. No heavy foreign debt was incurred, and Nicaragua was advancing as fast as could be expected of a nation which is not in constant touch with the outside world, nor, to any great extent, with its neighbors, in Central America.



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GENERAL EMILIANO CHAMORRO
President of Nicaragua

From 1894 to 1910 we have another status of affairs. General José Santos Zelaya, after being elected as President, chose to remain on as Dictator. His influence, both as affecting the relations of Nicaragua with other countries in Central America, as well as international relations, was a disturbing one. Not

content with being an absolute despot in his own country, he tried to extend his ambitious programme to the other countries of Central America, and even encouraged revolutions in some of the countries of South America. As a result of seventeen years of despotism the country was in a continual state of turmoil, had incurred a heavy foreign debt, and it seemed that the only purpose and object of public officials was to secure as much plunder and graft as possible from the impoverished country. Due to a revolution started by the conservative party, Zelaya was forced to leave the country in December, 1909. He was succeeded in office by President Mariz, who, although an excellent Executive in many respects, was surrounded by the old Zelaya coterie. The conservative President, General Estrada, then succeeded to the presidency, followed by President Adolfo Diaz. President Diaz had been in office but a short time when the Mena revolution started, in 1912. This was one of the most disastrous revolutions Nicaragua has ever undergone, not only from the viewpoint of loss of life and damage to property, but owing to indirect losses caused by the continued duration of activities. President Diaz was succeeded on January 1, 1917, by General Emiliano Chamorro. General Chamorro had been one of the most prominent leaders in the revolution, and prior to his accession to the presidency had been Minister to the United States. Both the administrations of Diaz and Chamorro have contributed towards closer friendship with the United States of America.

GENERAL DESCRIPTION

Nicaragua, although the largest in point of area, is third in population of all the republics in Central America. With an area practically equal to that of the State of New York, it has an estimated population of 746,000 inhabitants. The figures of a new census, which began January 1 of this year, will soon be published. It is estimated that about thirty-five per cent of the population live in cities and towns, and sixty-five per cent in the rural districts. Lake Nicaragua, about 110 miles long, and forty-five miles wide, is the largest lake south of the Rio Grande in the Western Hemisphere. The bulk of the population and the greatest development of the country have been from the center of the republic towards the west. This has been due, in part, to the topography of the country, as there are some lowlands or swamp lands towards the east and south of Nicaragua. The difficulties of communication between Managua, the capital, and Bluefields on the Atlantic Coast, are enormous. It is easier to take the steamer to San Francisco from the west port, or to go to Nicaragua by way of the Isthmus of Panama, than it is to go overland, or by way of the river to Bluefields, and much less dangerous. Up to a few years ago, the east coast of Nicaragua was almost a different country from the interior and the west. The east coast had a different customs tariff, a different monetary system, a different religion, and English and the Mosquito dialect predominated over the Spanish language.

FORM OF GOVERNMENT

Nicaragua is a republic with a constitution similar to that of the United States and the other republics of Central and South America. Public administration is carried on through the exercise of legislative, executive and judicial powers. The president is elected for four years. The Senate is composed of twenty-four Senators, who are elected for six years, one-third of their number retiring every two years. The House of Deputies consists of forty-three members elected for four years, half of them retiring every two years. The judiciary consists of a supreme court, three courts of appeal, and thirteen district courts, as well as municipal justices of the peace. The president's cabinet consist of six ministers: The Minister of Government and Police, the Minister of Finance and Public Credit, the Minister of Foreign Affairs, the Minister of War and Ma-

rine, the Minister of Commerce, Public Works, Justice and Charity, and the Minister of Public Instruction. The country is divided into thirteen departments, presided over by a "Jefe Politico" (Governor), and two sub-departments. These governors are delegates of the executive power and have wide jurisdiction in all governmental affairs.

REVENUE AND EXPENDITURES

The gross internal revenues for a six-year period (1913-1918) have averaged $1,233,500 per annum. The gross customs revenues for a seven-year period (1912-1918) have averaged $1,171,200 per annum. The customs revenues include both import and export duties. The items of internal revenue are the following: Rum and tobacco (which are government monoplies), slaughter tax, receipts from the Bureau of Telegraphs and Posts, fiscal stamps and stamped paper. The tax on capital, which is really a tax on net present worth, of five dollars per thousand, is devoted half to the redemption of an emergency issue of Cordobas, and the balance is applied toward the debt service of the guaranteed customs bonds.

EXPENSES

The budgetary expenses for the following periods are:

Jan. and Dec., 1913	$4,809,490.56
Jan. and July, 1914	2,934,562.54
Aug. 1914-1915	1,986,790.98
1915-1916	1,789,416.25
1916-1917	1,980,779.31
*July-Dec., 1917	2,165,159.17
*1918	2,683,007.98

*NOTE: In the years 1917-1918 and the first six months of 1919, the Republic disbursed $4,933,486.22 for debt service of the external and internal debt.

In 1918 the republic received an extraordinary receipt of $3,000,000 from the United States for the Canal Option under the Chamorro-Bryan treaty, ratified in 1916.

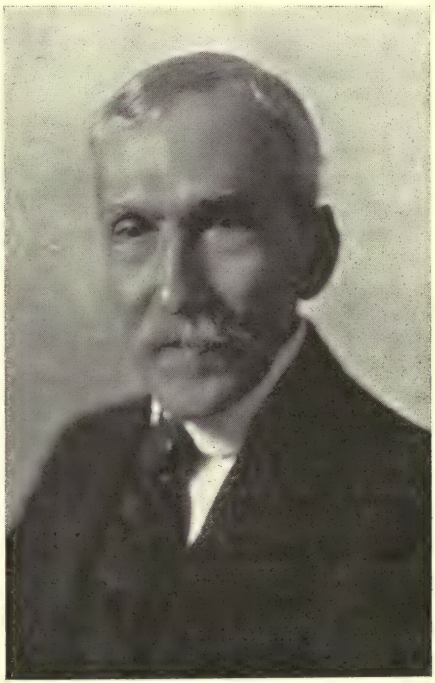
FOREIGN AND INTERNAL DEBT

The public debt of Nicaragua in 1919 was as follows:

External debt (sterling converted at $4.80)	$5,969,158.32
Internal debt	3,754,755.95
Total	$9,723,914.27

This debt amounts to about $13.00 per capita.

The major part of the external debt is held in England, bears a five per cent interest rate, and matures in 1944. The internal debt carries five per cent interest and matures in 1953, each having a one per cent sinking fund.



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DR. OCTAVIANO CESAR
Minister of Finance of Nicaragua and President of the High Commission

IMMEDIATE NEEDS OF NICARAGUA

The most urgent needs of Nicaragua are: roads, railroads, schools and an agricultural bank. Strictly speaking, there are no really good roads in Nicaragua. Most of them are suitable only for ox-carts and are almost impassable during the six months rainy season. There is a railroad running

from the Port of Corinto on the Pacific to Lake Nicaragua in the interior, with some branch lines. A railroad from the lake to the Atlantic Coast, is therefore, a project of the utmost need and importance for the immediate future. This railroad would form the shortest and cheapest route to the Caribbean. Not only will there be a tremendous saving of freights for both import and export tonnage, but the political administration of the east coast of Nicaragua will be materially fostered and strengthened.

There is also a crying need for schools, as the budget of the government for educational purposes is limited and universal instruction is impossible to attain.

At present the farmer, cattle-raiser, or anyone engaged in agricultural pursuits is compelled to pay from eighteen per cent to thirty-six per cent per annum for loans based on mortgage. This rate of interest increase makes it impossible for anyone to make any money. Of course, for commercial loans at the banks, based on staple products like coffee, hides and skins and other quick-moving commodities where the time of the loan is relatively short, that is six months, the bank interest rate is twelve per cent. In order to stimulate agricultural production the republic of Nicaragua is doing its best to encourage the entrance of foreign capital into the country for the establishment of land mortgage banks. To do this successfully, however, some improvements in governmental procedure are planned; for example, the making of surveys, the registering of titles, appraisements of properties, and the judicial proceedings to be employed in cases of foreclosure.

PRODUCTS OF NICARAGUA

The principal exports of Nicaragua in the order of their importance are coffee, cabinet-woods, gold, sugar, bananas, hides, corn and silver. The accompanying tables of exports are illuminating as showing the effects of the European war on Nicaragua's export trade. (See page 263.)

Some of the effects of the war on Nicaragua's exports may be briefly commented on. Due to the embargoes in the United States on export of foodstuffs to Nicaragua, the republic was forced to take measures to provision itself, as a great deal of rice and flour is imported annually from the United States. Increased acreage was devoted to the cultivation of rice and sufficient corn and beans were not only raised for domestic consumption, but also enough to export to other countries, such as Panama and Mexico. When flour shipments stopped from the United States, it was found that Chile could sell Nicaragua some flour. In the past there was very little export of sugar, but in the years 1917 and 1918 a considerable amount of sugar was produced above domestic needs and exported to Mexico. Due to the embargo of the United States Government to save tonnage, there was a period of five months in 1918 when very few hides and skins could be exported. Coffee, which was one of the few staple commodities whose price did not advance during the war, had a considerable effect on both government and private finance. Up to two years ago, the price was very low, slightly above the cost of production, and as coffee is the main export product of Nicaragua, the failure to get any returns had its corresponding effect on importations into Nicaragua, reducing Government revenues materially, and affecting considerably the domestic capital of the country invested in coffee plantations.

Although there is considerable American capital invested in gold mining in Nicaragua, yet, due to the high cost of materials, ocean freights and expensive interior transportation costs, and with gold selling at a fixed price, gold miners have had no incentive whatsoever to increase their production.

Construction and cabinet-woods, however, particularly mahogany, were exported in large quantities during 1917 and 1918, due to the use of mahogany in the construction of aeroplanes. However, this demand has now ceased and logging operations for the past year

EXPORTS OF NICARAGUA TO VARIOUS COUNTRIES

	1914	1915	1916	1917	1918
United States	$104,069	$669,306	$826,709	$1,065,809	$2,222,416
France	1,138,176	562,777	918,019	483,424	.....
England	165,840	412,141	21,518	.....	.....
Italy	202,829	258,166	245,875	142,630	.....
Spain	1,526	15,107	15,978	33,522	6,750
Germany	537,234	.....	.....	.....	.....
Other European countries.	145,429	64,316	139,367	7,695	.....
Other countries	293	847	3,329	28,527	19,890
	$2,295,396	$1,982,660	$2,170,785	$1,761,607	$2,249,056

PERCENTAGE OF EXPORTS TO DIFFERENT COUNTRIES

	Per Cent.							
	1911	1912	1913	1914	1915	1916	1917	1918
United States	31	46	35	49	67	70	85	83
Mexico	..	..	..	..	..	..	..	12
Panama	..	..	..	..	..	..	..	1
Canada	..	..	..	..	..	1	1	1
France	40	16	23	23	13	18	8	..
Italy	1	1	1	4	6	5	2	.
Spain	..	..	..	..	..	..	1	.
England	8	13	13	7	9	1	..	..
Germany	16	18	24	11	..	..	..	..
Other European countries	2	3	1	3	2	3	..	..
Other American countries	2	2	1	2	1	2	2	2

CHARACTER OF EXPORTS PERCENTAGE OF TOTALS

	Per Cent.							
	1911	1912	1913	1914	1915	1916	1917	1918
Coffee	64	46	65	46	43	41	29	29
Cabinet Woods	..	3	4	9	6	7	22	18
Gold	14	23	14	17	24	18	15	16
Sugar	..	..	..	1	..	5	4	9
Bananas	5	11	5	10	8	9	8	7
Hides	3	6	4	8	11	9	9	4
Corn	..	..	..	..	..	..	..	3
Silver	..	..	..	1	..	..	2	3
Lard	..	..	..	..	..	..	..	1
Beans	..	..	..	..	..	..	..	1
Cacao	..	..	..	..	..	1	1	1
Rubber	9	4	3	2	4	5	4	1

NOTE: Where no figure is given the amount of the exportations was under one per cent.

PERCENTAGE OF IMPORTATIONS FROM THE COUNTRIES NAMED

	Per Cent.							
	1911	1912	1913	1914	1915	1916	1917	1918
United States	48	51	56	62	82	80	81	78
England	24	18	20	17	10	13	13	10
France	8	5	7	6	4	4	4	2
Chile	..	..	..	..	..	..	..	2
Panama	..	..	..	..	..	..	..	2
Costa Rica	..	..	..	..	..	..	..	1
Italy	4	2	2	3	1	1	1	..
Spain	1	1	1	1	..	1	1	..
Germany	11	12	11	10	1	..	..	..
China	1	2	1	..	..	..	..	..
Other European countries	2	..	..	..	..	..	..	..
Other American countries	1	4	1	..	..	1	1	2

have been reduced fifty per cent and even as much as seventy-five per cent.

The export of bananas, however, continued to increase not in quantity, but in values.

IMPORTS

The leading articles of import are cotton goods, manufactures of iron and steel, leather and manufactures of, flour and chemicals, drugs and medicines.

FINANCIAL REFORMS 1912-1920

On the invitation of the Nicaraguan Government, the United States Government, through American financiers, have made loans to the Republic of Nicaragua for various purposes, and the following results have been attained.

The customs revenues were hypothecated to the service of the foreign debt, as well as to the short-term advances by New York bankers aggregating $2,755,000. The customs service was thoroughly reorganized, resulting in a considerable advance in the amount of revenues collected and the cost of collection reduced. This signified not only the modernizing of the administrative procedure in the appraisement of merchandise and the collection of duties, but also in the impartial enforcement of the customs laws and regulations and the installation of a new customs tariff, which has put Nicaragua on a par with the most advanced American countries.

A National Bank was established, of which fifty-one per cent. is owned by New York bankers, Messrs. Brown Brothers & Company, and J. & W. Seligman & Company, the Government owning forty-nine per cent. The National Bank has exclusive privilege of note issue and is the depositary of all Government revenues. One of the objects for which it was formed was the conversion of fifty million pesos of irredeemable paper money, which in 1911 was circulating at a premium of twenty to one, compared with gold, into the new monetary unit of Nicaragua, the Cordoba, which is equivalent to the American dollar. The bank also established branches in three other cities of Nicaragua, mainly for the purpose of facilitating this conversion, and for the sale and purchase of drafts. However, in 1915, the National Bank became affiliated with the Mercantile Bank of the Americas of New York city and began a commercial banking business, such as the making of short-term loans on the staple products of the country. The capital of this bank had previously been increased from $100,000 to $300,000.

The monetary system of the country based on the studies and recommendation of monetary experts had been reformed and the bank was one of the instruments in consummating this reform.

The bankers also purchased from the Government fifty-one per cent. of the stock of the national railroad. During the Zelaya régime this railroad had been run more for political purposes than for revenue; secondly, its earnings were little or nothing. The roadway and equipment were in bad condition. It has taken several years, coupled with good railroad operation, to put it in a better condition, set aside a surplus out of earnings, and pay dividends.

Due to the ruinous fiscal policy, followed by the Zelaya régime, in 1911 the Republic was in arrears on the interest and sinking fund charges of the external debt, and foreign creditors were clamoring for their money. Owing to a dispute between the Republic and its foreign creditors in London, the amount of £379,050 had been held up. Through the assistance of the New York bankers this matter was adjusted, back interest was paid up in full, the foreign creditors reduced their interest rate from six per cent. to five per cent., which effected an enormous saving to the Republic on a long-term loan, and the balance was applied to the payment of the Treasury bills of 1911 of the New York bankers.

The failure of the American Senate to ratify a treaty with Nicaragua for the flotation of a $15,000,000 loan left pending a tremendous amount of internal debt. The Mixed Claims Commission worked from June, 1911, to

December, 1914, and reduced the claims against the Republic of Nicaragua, aggregating in round numbers $18,000,000, to $1,800,000. The bulk of these claims was for the cancellation of illegal, monopolistic or injurious concessions given by Zelaya to individuals, firms and corporations, both natives and foreigners. This debt was further increased by the disastrous effects of the revolution of 1912. A top-heavy budget, with a tremendous reduction in Government revenues, caused by the effects of the European war, increased further the floating debt of the Republic, and as much of this debt bore rates of interest ranging from six to eighteen per cent. per annum, and frequently capitalized the amount of accrued interest of over one million dollars, became a serious problem. About this time there became due to the Republic of Nicaragua $3,000,000 from the United States Government as the proceeds of an option, with other privileges, to build a canal through Nicaragua. During the war, with the assent of the foreign creditors, interest and sinking fund payments had been temporarily and voluntarily suspended. A portion of this money, approximately $1,100,000, was devoted toward clearing up the interest and principal of the foreign debt, and a balance of $1,400,000 was available for the internal debt. At this stage the Government, in accord with the State Department of the United States, organized a Commission on Public Credit, which was authorized to examine into the origin of all the liquidated debt of the Republic, and, through friendly arrangements with creditors, effect a consolidation and refunding of the internal debt. Including interest, this debt amounted to nearly $13,000,000, and by the use of the $1,400,000 in cash, and the issue of $3,800,000 in bonds, the debt was successfully reorganized. The percentage of creditors, less than three per cent, who have refused to accept the awards of the Commission on Public Credit, is so small as to be almost negligible. The interest on these internal bonds has been faithfully and punctually met, with special amortizations, and the bonds are now being quoted in a local market at higher prices than the external bonds.

For the further safeguard of the guaranteed customs bonds, a High Commission was formed, which acts as trustee and fiscal agent for the service of these bonds. The satisfactory adjustment of the internal debt has not only strengthened the credit of the Government, both at home and abroad, as well as of individuals, but has had its complementary effect on Government revenues, as well as on administration.

Although the budget of the Government is $95,000 per month, the High Commission is authorized to expend up to $26,666.66 per month for extraordinary expenditures.

LOCAL INDUSTRIES

Nicaragua is a raw-material country, and consequently there is little or no manufacturing. During the war, however, and due to the high freights and prices of imported furniture, one or two local furniture factories were established, and have had considerable success, due principally to the fact that so many cabinet and construction woods are available for that purpose. Many other industries may be mentioned: cigar factories, soda water factories, shoe factories; beginnings have been made also in manufacturing some textiles, and, of course, there is the refining of sugar and the distillation of rum. At present plans are under way by private capitalists for the installation of a brewery. However, the future of the country, notwithstanding the importance of the extractive industries, such as gold mining, rests with its agriculture and its cattle. In some sections of the country the land is so fertile that two crops of corn per year can be secured without the use of fertilizer, and with relatively primitive methods of cultivation and lack of farm implements and machinery.

PORTS AND SHIPPING

Nicaragua has two ports on the Caribbean—Bluefields and Cabo Gracias a

Dios. The last mentioned serves as a point of distribution for the mining and logging operations in the northeastern part of Nicaragua. Bluefields serves as a port of distribution for the east central section of Nicaragua and for the exportation of bananas and cocoanuts. In spite of the fact that Nicaragua produces sugar, coffee, and cereals, due to the lack of communication with the east coast, all of these articles are imported from the United States to the east coast of Nicaragua.

On the Pacific side there are two ports—Corinto and San Juan del Sur. These ports are touched by the steamers of the Pacific Mail Steamship Company, which run from San Francisco to Panama, and other steamship lines which make more or less irregular calls. All of these ports have the most modern and up-to-date lighthouses. In Bluefields and San Juan del Sur the wharves are owned and operated by the Government. In Corinto the wharf is owned by a private corporation, but operated by the Collector-General of Customs. Ships discharge cargo alongside wharves at Corinto and Bluefields, but in San Juan del Sur and Cabo Gracias a Dios the ships discharge in lighters. The steamship service on the west coast is on a ten-day schedule. At present, on the east coast, steamers arrive every fortnight.

CANAL CONVENTION TREATY

This treaty referred to heretofore among other things provides for the following privileges:

(*a*) The exclusive proprietary rights necessary and convenient for the construction, operation and maintenance of an interoceanic canal by way of the San Juan River and the great Lake of Nicaragua or by way of any route over Nicaragua territory; . . .

(*b*) The Government of Nicaragua hereby leases for a term of ninety-nine years to the Government of the United States the islands in the Caribbean Sea known as Great Corn Island and Little Corn Island;

(*c*) And the Government of Nicaragua further grants to the Government of the United States for a like period of ninety-nine years the right to establish, operate and maintain a naval base at such place on the territory of Nicaragua bordering upon the Gulf of Fonseca as the Government of the United States may select. . . .

There is a strong feeling, both in Nicaragua and among public men of the United States, that the time is not far remote when there will be another canal built through Nicaragua, although the Panama Canal is far from being taxed to its utmost capacity. Should such a canal be built, there is no doubt that the railroad which the Republic is now planning to construct will have a strong potential value to the United States Government.

GOVERNMENT LANDS

The Republic of Nicaragua has very favorable legislation in connection with the denouncement and sale of its public lands. Depending on the character of the land, prices range from $0.80 to $2.00 per hectare. When the lands contain construction, dye or cabinet-woods, and other products, there is a surcharge of ten cents per hectare, and when the lands are situated on the banks of lakes or rivers and near railroad lines up to twenty kilometers, there is a surcharge of 100 per cent. There are certain legal formalities to be complied with when obtaining these lands, and all the expenses of survey are to be borne by the purchaser.

PUBLIC IMPROVEMENTS IN PROGRESS

A contract amounting to $68,000 was given a year ago for the reconstruction of a portion of the national palace. A contract amounting to $26,000 has been given for the construction of a bridge near Granada, ferries now being used. This is one of the trade routes in the section adjacent to Lake Nicaragua. Three road contracts have been made, one road running from Leon to Matagalpa, the latter being a coffee-producing section. Another road is to run from a port on the Lake up to La Libertad, which is a mining section; another from Managua to the coffee plantations on the hills nearby. The plans of the Government are to make extensive expenditures for the construction

of good roads as far as the surplus revenues will permit. The roads will not only act as feeders to both the east and west coast railroads, but will stimulate production along all lines. In order to encourage the exportation of cattle on the hoof the Government has recently abolished the export duty and a considerable number of head of cattle cross the frontier into Costa Rica to the south, but hardly any have been exported through the regular ports of entry. However, the cattle industry promises to be one of the immediate sources of wealth for Nicaragua if the following suggestions are adopted: (a) the planting of a different species of grass which will give better results for cattle in the way of increasing their weight; (b) if blooded cattle can be imported into Nicaragua to improve the present breed, either for meat or dairy purposes; (c) if the Nicaraguan cattle raiser can be persuaded to purchase the preparations now on the market for eliminating insect pests, such as ticks, which seriously affect the domestic breeds. The vast area of the plains in Nicaragua suitable for the new grass and with plenty of water should make this industry one of the great industries of the country, either for the export of live cattle or the installation of abattoirs and refrigerating plants.

Although the war demand for mahogany has ceased, there is no doubt that there will shortly be an increased demand for construction or cabinet purposes. Nicaragua is very rich in virgin forests, and, in addition to the two woods referred to, there are large quantities of pine, cedar, lignum vitae and dye-woods. However, deforestation has gone on so fast through indiscriminate chopping of trees without replanting, and the use of timber as firewood, that it may soon become a serious problem, especially from the point of view of drainage. Logs having been cut along the banks of rivers at a minimum of expense, timber cutters must now go further into the interior, which not only means increased cost of labor gangs, but also the investment of additional capital in equipment and logging roads.

With the present high price of sugar and the prospects that this will be maintained for some time to come, the east coast of Nicaragua, as well as the northwestern peninsula, offers an opening for an attractive investment on account of cheapness of lands, as well as cheap labor, which means low cost of production.

The soil of Nicaragua is very suitable for the cultivation of good tobacco. However, due to the primitive methods employed in the planting and cultivation, as well as the curing of the leaf, Nicaraguan tobacco is not at present available for export.

Nicaragua also produces a considerable quantity of rubber, but here, too, the extravagance of the rubber cutter will soon cause a depletion. The largest part is the wild rubber, which is extracted from trees on Government lands and due to the low prices of rubber there has been no encouragement toward its collection. In the southwestern part of the country there is some attempt at working up the rubber into raincoats for use during the long rainy season.

PLANS OF THE GOVERNMENT FOR THE FUTURE

With both Government and private finance in so satisfactory a condition the Republic has felt that now is the opportune time to take stock of its economic resources. For this purpose contracts have recently been signed for the employment of railroad, road and public utility engineers. Only one city in Nicaragua has at present electric light. It is believed that if municipal finances can be reorganized there should be a considerable incentive towards the more universal use of electric light in smaller towns, either through private initiative or municipal lighting plants. It is also the intention to study the possibility of hydro-electric development, although Nicaragua is not so fortunate in this respect as some other countries. Whether petroleum exists in sufficient quantities to warrant an in-

tensive exploitation has not yet been ascertained. It is also hoped that agricultural engineers or agronomists can be secured so as to help the Nicaraguan planter or farmer to get better results from his operations either from a study of the soil or a diversification of products.

Due to the high prices of silver, the extraction of this precious metal has been given more attention than in past years, the exports in 1918 being valued at $227,000.

The exportation of cacao has dropped off in past years, due in some respects to the high domestic prices and also to a depletion of the plantations.

The eastern section of Nicaragua is adaptable to the growing of cocoanuts. Practically all of the cocoanuts come from Corn Island, which is about twenty miles east of Bluefields. These cocoanuts are generally loaded in sailing or gasoline schooners, which arrive from New York or Philadelphia.

PROGRAM OF THE HIGH COMMISSION

The High Commission, in addition to the power and duties prescribed under the financial plan covering contracts with its foreign creditors, as well as its duties as trustee for the internal bonds, is constantly coöperating with the officials of the Government in many lines of activities. Along financial lines it has received the hearty coöperation and assistance of the National Bank of Nicaragua. Among the projects which have been finished or are well under way may be stated the following: (1) Providing an up-to-date budget; (2) installation of a modern accounting and fiscal system; (3) a study of municipal finance in order that imposts should be borne by the community directly affected or benefited and assisting them in putting their financial affairs in shape so that some of the revenues collected may be used for public improvements, such as streets, roads, schools and other public works.

REVENUE SYSTEM OF NICARAGUA

Like most Latin American countries, the largest part of the revenue of Nicaragua comes from indirect taxation, that is customs duties and internal revenues. It seems that the Latin American prefers to pay three or four times the amount in indirect rather than in direct taxation. The fiscal plan of the present and past conservative administrations has been the elimination of all export duties and the reduction, and if possible, the elimination, of the rum monopoly. While there are increasing revenues from the sale of distilled spirits on the one hand, on the other hand the Government has increasing expenditures for police, revenue inspectors, jails and charitable institutions, not to speak of the lessened industrial efficiency of labor. However, the effects of the European war, as previously stated, caused such a decrease in Government revenues that these plans have not been carried into effect. The question of the rum monopoly is rather an ethical one. Should a government increase its revenues at the expense of the morale of its citizens? On the other hand, it has not yet agreed as to what form of revenues should replace that of the rum monopoly, particularly taking into consideration that in order to effect a change it will probably be necessary to spend twice as much money to prevent the consumption of rum as is now being spent to collect the revenue accruing therefrom. Many legislators are in favor of an income tax, but this system of taxation offers tremendous difficulties at the start from the point of securing an efficient personnel. At present the central Government has assumed a large share of public expenditure, which should be borne by the municipalities with special reference to police, schools, part of the judiciary and the charitable and penal institutions. The school taxes accrue from the following sources: a consumption tax on sugar amounting to fifty cents a hundredweight, fifty per cent. of the sale of public lands, and surcharge, or rather an additional charge of the tax

on capital, and with a lower exemption. The balance of the school funds is taken from the general revenues of the Government.

At present the inheritance tax is very low and there seems to be no reason why this cannot be increased.

The municipalities receive their revenues from commercial licenses, revenues from municipal markets, rentals of municipal lands, and various other sources of lesser importance. It has also been thought that if the road projects are to be carried to completion some species of road tax, either in the form of a cash payment or day labor, should be used to foster road-building. Another form of revenue, which is in effect in most municipalities, is a transit charge on imports and exports, as well as domestic products. This is a very antiquated form of tax and tends to hinder and delay domestic commerce. While present contracts prohibit the creation of new imposts of this character, or the increase of imposts in force in 1911, nothing as yet has has been accomplished towards the removal of this prejudicial municipal impost.

THE POLICY OF THE REPUBLIC TOWARD FOREIGN CAPITAL

Like any country with enormous quantities of raw materials, unexploited resources, and lack of manufacturing establishments, Nicaragua is willing to encourage foreign capital. In former times foreign capital generally made its entrance through means of a "concession." This concession was frequently harmful, not only at the time of its approval, but also for the future of the country, and was frequently obtained by illegitimate means. The Government in those days was perfectly willing, for a little ready cash, to hypothecate the future, and as a result the Republic was more of the sufferer than the concessioner. At this time, however, foreign capital has the same rights and privileges as native capital, and any individual or corporation desirous of doing business with Nicaragua in an honorable and fair-minded way will find no undue governmental supervision or restriction. It is the policy of the Government to in no way cripple capital by the imposition of heavy, onerous or confiscatory taxes, on undertakings which are showing a fair return on their investment.

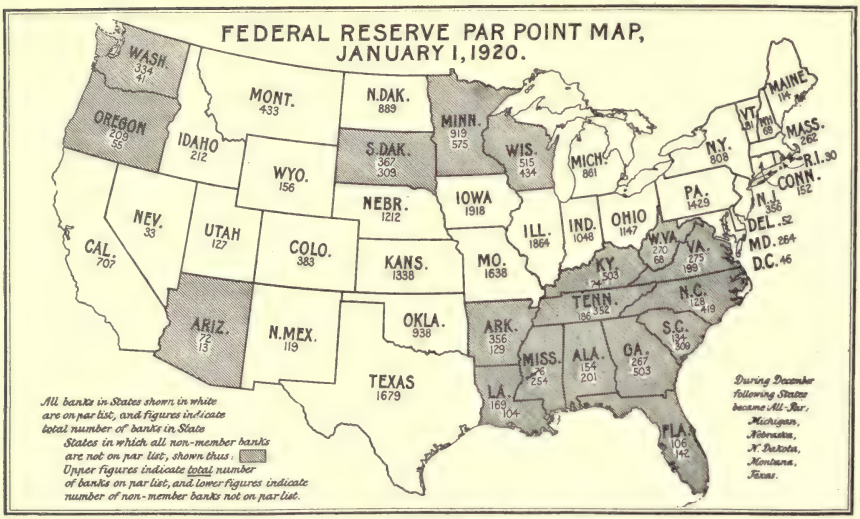
Annual Statement of the Federal Reserve Bank of New York

THE Federal Reserve Bank of New York, showed gross earnings for the year 1919, of $35,278,006.04 as against $25,314,735.98 in 1918. Operating expenses showed a considerable increase being $4,923,231.64 in 1919, as against $2,317,738.10 in 1918. The cost of Federal Reserve Notes and Federal Reserve Bank Notes was $641,598.86 in 1919, as compared with $362,964.58 in 1918. Net earnings, therefore, were $29,713,175.54 in 1919, as against $22,634,033.30 in 1918. The excess of sundry credits to profit and loss over debits was $10,413.16.

Deductions from net earnings were made as follows:

Reserve for tax on Federal Reserve Bank Note circulation	$169,514.40
Depreciation reserve account	325,741.35
General reserve account	368,681.70
Appraised value of old buildings, etc., on bank site charged off	900,031.72

Dividends were paid to the amount of $1,291,047.84 as compared with $1,195,026.20 in 1918. $23,964,678.06 was transferred to surplus account and $2,703,893.63 was paid to the U. S. Government as franchise tax.



Federal Reserve Par Point Map, January 1, 1920

Production of Gold and Silver in the United States in 1919

THE Bureau of the Mint and the Geological Survey have issued the following preliminary estimate of the production of gold and silver in the United States during the calendar year 1919:

State or Territory	Gold		Silver	
	Fine ounces	Value	Fine ounces	Value (a)
Alaska	437,131	$9,036,300	1,072,137	$1,201,705
Arizona	202,038	4,176,500	4,296,769	4,816,033
California	840,758	17,380,000	1,204,004	1,349,508
Colorado	470,998	9,736,400	6,044,911	6,775,438
Georgia	48	1,000	10	11
Idaho	34,365	710,400	6,042,016	6,772,194
Illinois	.....	.....	2,393	2,682
Maine	5	100	4,142	4,643
Michigan	.....	.....	375,284	420,637
Missouri	5	100	59,460	66,646
Montana	119,085	2,461,700	14,940,527	16,746,090
Nevada	230,004	4,754,600	7,312,454	8,196,164
New Hampshire	.....	.....	659	739
New Mexico	28,817	595,700	712,791	798,932
North Carolina	48	1,000	49	55
Oregon	51,848	1,071,800	223,578	250,597
Philippine Islands	39,962	826,100	14,392	16,131
Pennsylvania	.....	.....	78	87
South Carolina	5	100	4	4
South Dakota	254,820	5,267,600	122,164	136,928
Tennessee	256	5,300	93,087	104,337
Texas	53	1,100	540,239	605,527
Utah	104,137	2,152,700	11,906,152	13,345,010
Vermont	10	200	1,819	2,039
Virginia	.....	.....	8	9
Washington	14,987	309,800	316,028	354,220
Wyoming	15	300	41	46
	2,829,395	$58,488,800	55,285,196	$61,966,412

(a) Valued at the average New York price of fine silver, $1,12085 per ounce.

Banking and Financial Industry

SPECIAL The BANKERS MAGAZINE SECTION



THE LIBERTY NATIONAL BANK of NEW YORK

CAPITAL - - - - $5,000,000.00
SURPLUS - - - - 5,000,000.00
UNDIVIDED PROFITS 2,080,000.00

OFFICERS

HARVEY D. GIBSON	President
DANIEL G. REID	Vice President
ALEXANDER V. OSTROM	Vice President
CHARLES W. RIECKS	Vice President
ERNEST STAUFFEN, Jr.	Vice President
JOSEPH A. BOWER	Vice President
BENJAMIN E. SMYTHE	Vice President
JAMES G. BLAINE, Jr.	Vice President
JOSEPH S. MAXWELL	Vice President
GEORGE MURNANE	Vice President
SIDNEY W. NOYES	Vice President
MAURICE F. BAYARD	Vice President
FREDERICK W. WALZ	Cashier
FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
RAYMOND G. FORBES	Assistant Cashier
DANFORTH CARDOZO	Assistant Cashier
EDWARD J. WHALEN	Assistant Cashier

When You Build That New Home for Your Bank

You will require the services of a competent bank architect and equipment engineer who can provide you with a distinctively modern building, with first class equipment throughout and absolute security in vault work. Convincing evidence that we furnish complete service of this character is shown by the fact that we have been selected by the following banks among many others:

Seaboard National Bank, New York
National Bank of Commerce, New York
Asia Banking Corporation, New York
Mercantile Trust Company, New York
American Exchange National Bank, Dallas, Texas
Charlotte National Bank, Charlotte, N. C.
First National Bank, Jersey City, N. J.
Greenwich Trust Company, Greenwich, Conn.
Colonial Trust Company, Philadelphia, Pa.
Titusville Trust Company, Titusville, Pa.
First National Bank, Richmond, Va.
Virginia Trust Company, Richmond, Va.
Planters National Bank, Richmond, Va.
Lynchburg National Bank, Lynchburg, Va.
Hibernia Bank & Trust Company, New Orleans, La.

We shall be pleased to make suggestions regarding the most efficient and economical methods of meeting your requirements without obligation on your part.

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York



Home of the Seattle National Bank, Seattle, Wash.

The Seattle National Bank

THE year 1920 marks the thirtieth anniversary of the Seattle National Bank. During the more than a quarter of a century that this bank has been in existence it has played a leading rôle in the growth of Seattle's commerce and industry, and its executives look back upon the bank's record with justifiable pride.

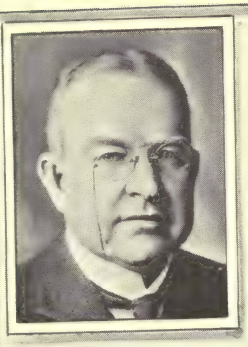
HISTORY

In 1897 the Seattle National Bank was at the foot of the list of banks in Seattle. Now—in twenty-two years—this same bank tops the list, with a capital stock of $1,000,000 and deposits approaching $30,000,000 and resources over $33,000,000. The history of the Seattle National may be briefly told because it is a story of consistent growth and steady progress in the forward march of financial institutions.

Organized in 1889, and opening for business February 11, 1890, its statement on February 28, 1890, showed a capital of $125,000 and deposits of $60,000. Nine years later its deposits were over $1,000,000.

The bank first occupied a small corner room in the Pacific Building at Occidental and Yesler Way, the old financial center of early Seattle. Soon business moved uptown and with it the Seattle National, now taking quarters in the Haller Building at Second and Columbia.

Subsequently these quarters proved too meagre and the bank now is housed in spacious rooms in the Seattle National Bank Building, just opposite its



DANIEL KELLEHER
CHAIRMAN



R. V. ANKENY
VICE-PRESIDENT



P. B. TRUAX
VICE-PRESIDENT



WILLIAM S. PEACHY
VICE-PRESIDENT



J. W. SPANGLER
PRESIDENT



J. H. NEWBERGER
VICE-PRESIDENT



H. C. McDONALD
CASHIER

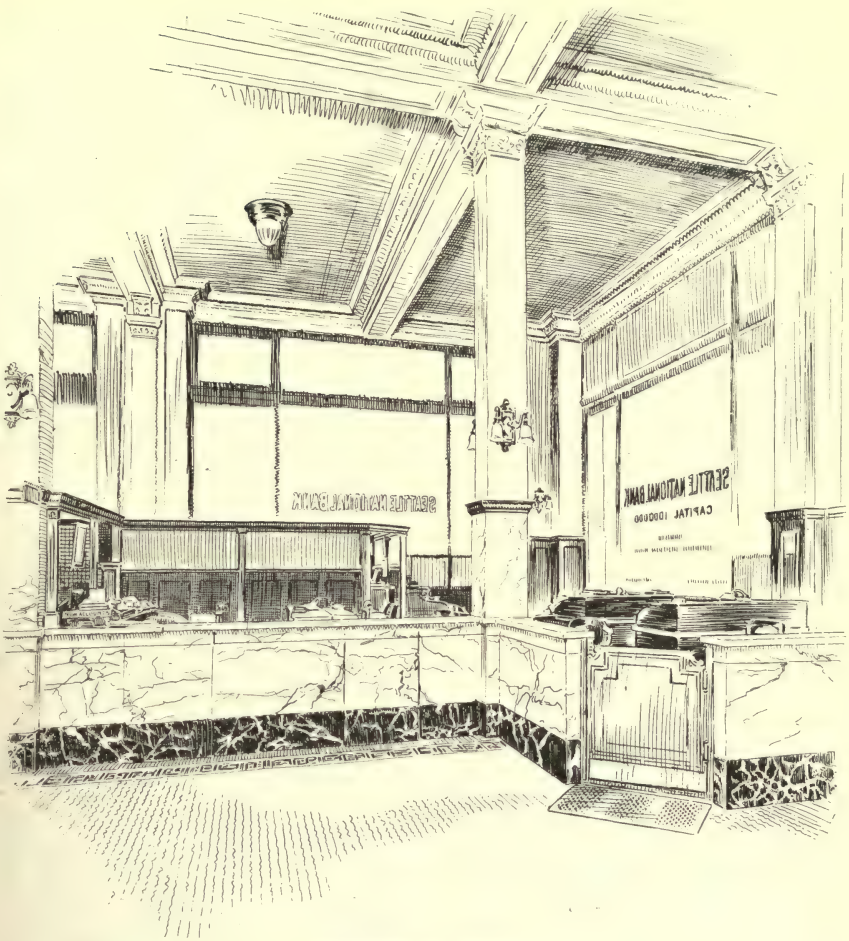


E. K. REILLY
ASSISTANT CASHIER



C. L. LAGRAVE
ASSISTANT CASHIER

Officers of the Seattle National Bank, Seattle, Wash.



Senior Officers' Quarters

former home. Only recently these quarters were enlarged to accommodate the rapidly growing savings department. The bank now occupies a ground floor space, with 106-foot frontage on Second Avenue and an area of 12,500 square feet, where banking business may be carried on comfortably and conveniently.

This location is an especially choice one for a financial institution such as the Seattle National to occupy, for it is situated conveniently near both the manufacturing and industrial sections in the south end of the city and the retail district uptown.

Because of its strength of organization and situation, the bank is the very reflection of the commercial life of the city. The story of the progress of this bank is largely the story of the rapid growth of Seattle. And this growth is not of a mushroom nature, a prosperity to rise over night and vanish as quickly, but a prosperity which has its foundation and logical development in the favors of nature and the ambitions and enthusiasm of the citizens who make the city their home.

It has always been the ambition of the bank's executives to be closely linked with the development and prosperity of Seattle and to support with their heartiest co-operation every



View of Second Avenue, heart of Seattle's business district where Seattle National Bank is located



Public Lobby in Main Banking Room

movement which makes for the betterment of its citizens, both from the viewpoint of commercial progress and social improvement.

PERSONNEL OF THE BANK

Some of the names associated with the development of the Seattle National are also inseparably bound up with the history and progress of Seattle. Among them are Jacob Furth and E. W. Andrews, former presidents and men whose names recall the trail-blazing days of the little Puget Sound village. Under the present management of the Seattle National there has been a gain of more than 100 per cent., the deposits having been doubled.

The present board of directors consists of: Daniel Kelleher, J. W. Spangler, R. V. Ankeny, P. B. Truax, William S. Peachy, E. G. Ames and H. C. MacDonald.

It is worthy of mention that these directors are all officers of the Seattle National and, with the exception of Mr. Ames, are active in its daily management. This plan assures an identical connection between directors and officers which makes for sympathetic understanding of the needs and policy of the bank and also offers to patrons direct personal contact with the personnel of this strongly organized financial establishment.

The complete official staff is as follows: Daniel Kelleher, chairman; J. W. Spangler, president; R. V. Ankeny, P. B. Truax, William S. Peachy, E. G. Ames and J. H. Newberger, vice-presidents; H. C. MacDonald, cashier; C. L. LaGrave, E. K. Reiley and C. W. Moore, assistant cashiers; William Kahlke, manager, foreign department.

DEPARTMENTS

An unique feature of the organization of the Seattle National is the divi-

sion of the different functions performed by the bank into nine separate and distinct departments. This system insures a more complete and specialized service for clients from each department. These departments include the following: executive, commercial, savings, collection, credit, foreign, bond, trust and banks and bankers.

THE BANK'S TRADE MARK

The present distinctive trade mark of the Seattle National is an adaptation of the design of its original corporation seal. It bears a likeness of the famous Chief Seattle, or Sealth, the Indian form of the word.

It is a peculiarly fitting symbol of Seattle's growth and prosperity, for it was due to the friendly attitude of Chief Seattle that this city grew and prospered in its early days.

Chief Seattle, born at Port Madison, near Seattle, in 1790, died in 1866. He was chief of several closely allied tribes, among them the Duwamish, Suquamish and Samamish. He won his exalted position by his diplomacy and maintained it by his courage and fearlessness, dignity and generosity.

Always very friendly to the early settlers, he was instrumental in giving them information of an uprising against them and intended massacre, thus enabling them to prepare and defend themselves.

His memory is honored by the pioneers of Puget Sound and especially the city of Seattle, which bears his name.

THE FUTURE

It is the ambition of the Seattle National Bank to grow with the city of Seattle, concerning whose future it is confident and optimistic; to provide for business men a banking service that is complete in its domestic phases and world-wide in its foreign scope; to be ever seeking to attain a perfection of organization and service consistent with modern banking progress.



"AND so I suggest the time has come to get together and to get to work. Let us go forward with confidence and determination. Never was a situation more difficult; never were opportunities so brilliant."

—CHARLES M. SCHWAB.



Farm Mortgage and Trust Departments, Main Banking Room, Guaranty Trust Company of Kansas City

Guaranty Trust Company of Kansas City

WHEN an acorn is brought to your attention your mind at once recalls that "Great Oaks from Little Acorns Grow." You think of great age and of unusual stability. You are reminded that acorns have been the food of of many peoples throughout history and are symbolical of agriculture. The analogy of small investments growing eventually into giant fortunes is familiar.

Thus the appropriateness of the acorn used as an emblem by the Guaranty Trust Company of Kansas City is apparent. This institution dates its beginning in 1871. Until June, 1919, the business consisted only of loaning money on farms and selling mortgages to investors. In this half-century it has grown from an individual enterprise of limited means to a corporation, employing seventy-five people, with over fifteen million dollars in live loans on its books. Investors in all parts of the United States have purchased the securities offered by this organization and in all the history no investor ever has lost either principal or interest.

In 1871 the business was a one-man concern in Ottawa, Kansas, operated by J. E. Maxwell, now chairman of the board of the Guaranty Trust Company. In 1876 Mr. Maxwell moved the business to Paola, Kansas, going into partnership with H. C. Jones in 1878. This partnership continued until 1905 when Mr. Maxwell's son, William L. Maxwell, succeeded to Mr. Jones' interests and the firm name was changed to Maxwell & Maxwell. Four years later the headquarters of the firm were moved to Kansas City, Missouri, where the business was incorporated under the name of Maxwell Investment Company with a capital of $100,000.

The change to the present name, Guaranty Trust Company, occurred in June, 1919, when the growth of the



Entrance to Main Banking Room, Guaranty Trust Company of Kansas City

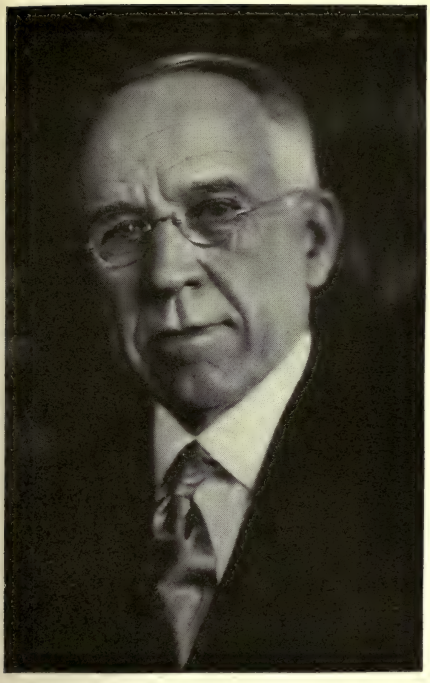
business called for a capital of $500,000 and a general expansion of scope and powers. In the reorganization the management remains in the same hands. The Maxwell Investment Company is retained as the farm mortgage department. There has been added a department specializing in municipal, corporation and Government bonds and a department performing general trust service. The company does not receive checking accounts, but accepts money on time deposit.

The farm mortgage department maintains three branch offices located in Oklahoma City, Oklahoma, Dallas, Texas and Memphis, Tenn. The loaning territory of the company is the rich farming sections of Missouri, Kansas, Oklahoma, Arkansas, Texas, Mississippi, western Tennessee and Kentucky.

The loans are made with the company's own funds and are well within the standard margin of safety for such securities, never exceeding fifty per cent. of the land values in question. Appraisals are all made by the company's own salaried appraisers. Only the choicest loans in these prosperous sections are negotiated.

The mortgages thus acquired have a ready sale because of their unusual desirability and on account of the high reputation of the company. The company's service to buyers of these mortgages is unusually complete, the investors being relieved of all care from the date of purchase to the time of maturity. Special circulars are issued monthly listing mortgages offered for sale. Booklets explaining farm mortgages in detail are also furnished upon request.

The bond department of the Guaranty Trust Company buys municipal, corporation and Government bonds of a high type with its own funds and retails them to investors with full recommendations. Special counsel and detailed statistical service are furnished upon request by experts in the bond department, enabling anyone whether versed in bond values or not to know



JOSEPH E. MAXWELL
Chairman of the Board Guaranty Trust Company of Kansas City



WILLIAM L. MAXWELL
President Guaranty Trust Company of Kansas City

what bonds to buy and when conditions are ripe for selling them at higher prices. Monthly circulars and books containing detailed bond information may be had upon request.

The trust department of the company offers its services in the various capacities authorized by state law. These include acting as administrator, executor, trustee, receiver, registrar, transfer agent, etc. The organization is especially skilled in the work of handling estates, having been schooled in conservative management and safe investments in its operations for half a century. Its record and facilities are unusually inviting to those who are making wills and need the services of a time-tested and suitable executor or trustee.

The methods and principles of the Guaranty Trust Company of Kansas City have attracted wide attention and a most unusual degree of confidence. Some of the largest and most exacting life insurance companies in the United States are regular and heavy investors in the securities of this company. Many large estates depend upon this organization for investments and there are families in the East who have held mortgage after mortgage made by the Maxwell Investment Company without interruption for over forty years.

THE MEN WHO CONDUCT THE BUSINESS

Too little is said of the personnel of financial houses nowadays. While it is true that banks and trust companies are supervised and inspected most rigidly and regularly by state officials, nevertheless the individuals who conduct them govern greatly the degree of confidence shown by the public toward the institutions themselves, and their records and abilities should be set forth in any true measurement of a financial concern's standing.

The Guaranty Trust Company of Kansas City is fortunate in possessing



Cashier's Cage and Bank Vaults, Guaranty Trust Company of Kansas City

officers whose knowledge of the business has been gained by long experience and whose positions have been earned by sheer merit and not by personal favor.



Bond Department General Offices, Guaranty Trust Company of Kansas City

Joseph E. Maxwell, chairman of the board of the Guaranty Trust Company, is a Tennesseean by birth and was educated at Ohio Wesleyan University. Except for two years, when he was engaged in the mercantile business in his native state, Mr. Maxwell has devoted his career to farm loan work, beginning when he originated the present business at Ottawa, Kansas, in 1871.

Mr. Maxwell is active in the management of the company and in national affairs as well. Besides presiding over the board, Mr. Maxwell is president of the Maxwell Investment Company, and president of the Farm Mortgage Bankers Association of America. He is recognized as an able financier and a farm mortgage authority.

Wm. L. Maxwell, president of the Guaranty Trust Company, son of J. E. Maxwell, the founder, has come up from the ranks in the organization, which means that he has had the experience as well as the ability befitting



A. A. ZINN
Vice-President in charge of Farm Mortgage Department, Guaranty Trust Company of Kansas City



M. K. BAKER
Vice-President in charge of Bond Department, Guaranty Trust Company of Kansas City

this responsible position. He was educated at Paola High School, Marmaduke Military Academy and Kansas University.

Mr. Maxwell was reared in the atmosphere of finance. His first active part in the business was begun in 1901 when the firm located at Paola, Kan. He has held various offices in the Maxwell Investment Company, being elected vice-president on May 2, 1913, and president of the trust company upon its formation June 4, 1919.

A. A. Zinn is a Kansan by adoption, his native state being West Virginia. After receiving his education at Kansas State Normal School, Emporia, Kansas, Mr. Zinn entered the employ of Maxwell & Maxwell in 1905. Soon after Mr. Zinn became local correspondent of the company at Paul's Valley, Oklahoma. He was admitted to the Oklahoma bar in 1907. In the same year he was appointed manager of a branch office at Chickasha, Oklahoma. When the Maxwell Investment Company established an office at Oklahoma City,



The Board Room, Guaranty Trust Company of Kansas City



J. E. McPHERSON
Secretary and Trust Officer Guaranty Trust Company of Kansas Gity



D. R. VANCE
Treasurer Guaranty Trust Company of Kansas City

Mr. Zinn became state manager. Later he was called upon to organize branch offices in Memphis and Dallas and, in recognition of his services, was elected vice-president of the company in charge of production with headquarters at Kansas City. When the Guaranty Trust Company was organized Mr. Zinn was elected vice-president in charge of the farm mortgage department.

M. K. Baker, vice-president of the Guaranty Trust Company, in charge of the bond department, became connected with the organization in June, 1919. His experience in the investment banking business started in 1899 with N. W. Harris & Company of Chicago, now known as Harris Trust & Savings Bank. After three years with that firm he joined the organization of Rudolph Kleybolte & Company as salesman and executive in the Chicago, New York and Boston markets. In 1910 Mr. Baker became identified with the bond department of the National City Bank of Chicago, later assuming an official position.

Mr. Baker won his A.B. at Lake Forest College. He is a prominent member of social and financial clubs in Kansas City and Chicago and stands in the front rank as an expert in bond investments.

J. E. McPherson, secretary and trust officer of the Guaranty Trust Company and secretary of the Maxwell Investment Company, is a native Kansan. He received the degree of A.B. from the College of Liberal Arts, University of Kansas, in 1898, earning election to Phi Beta Kappa. In 1899 Mr. McPherson became associated with John A. Prescott & Company, financial agents of Kansas City, acting for several years as executive secretary. In 1905 he received the degree of L.L.B. from the Kansas City School of Law and was admitted to practice at the Missouri bar.

Mr. McPherson became connected with the Maxwell Investment Company

in 1913. His skill as an executive is manifest not only in his work for the Maxwell Investment Company and the Guaranty Trust Company, but also in the civic affairs of Kansas City, notably the Red Cross campaigns, the Liberty Loan drives and the Memorial Association, of which he is permanent secretary. He is prominent as a member of collegiate, legal, and social organizations of Kansas City.

D. R. Vance, treasurer, is a straight out-and-out Missourian, reared in Kansas City, Missouri, and schooled at the University of Missouri. His first business connection was with the Sherwin-Williams Paint Company's Kansas City office, where his ability was recognized by promotion to the position of credit manager. In 1916 he joined the Waggener Paint & Glass Company of Kansas City, acting there also as manager of credits.

Mr. Vance's experience along financial lines soon enabled him to enter the banking business, and until elected treasurer of the Guaranty Trust Company, June, 1919, he was interested in and an officer of several banks in Kansas and Missouri.

The same discrimination is evident in the election of directors as in that of the officers. The Guaranty Trust Company's board is one of unusual strength, being composed of men who are not only well and favorably known throughout the country, but who have demonstrated their soundness of judgment in many other large and responsible connections, particularly in enterprises of their own building.

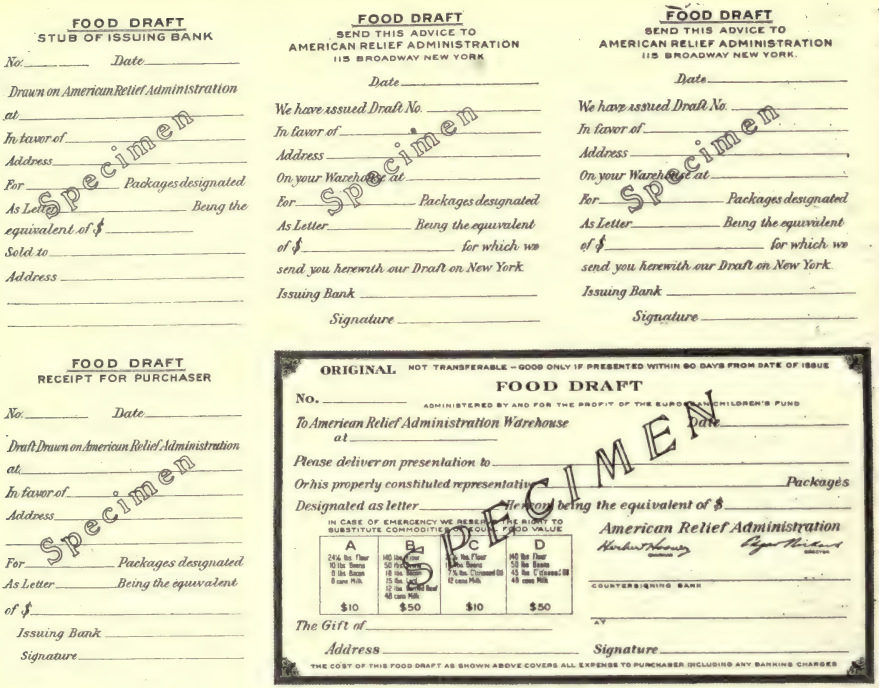
In addition to the executive officers, the board includes: Frank A. Baker, treasurer Ridenour-Baker Grocery Company; Frank M. Bernardin, president B-R Electric Company; Charles S. Gleed, director Atchison, Topeka & Santa Fe Railway Company; Charles W. Lonsdale, vice-president Simmonds-Shields-Lonsdale Grain Company; Harry E. Minty, T. H. Mastin & Co.; Herbert M. Woolf, president Woolf Brothers Furnishing Goods Company.

The illustrations give a good idea of the company's modern general offices in the Security Building, 9 West Eleventh street, Kansas City, Missouri. The views show glimpses of the main banking-room, officers' desks, vaults, etc. In another section, not shown in the photographs, the detail work of the business is handled by a large corps of employees.

AMERICA'S OPPORTUNITY

THE prudent, penniless beginner in the world labors for wages for awhile, saves a surplus with which to buy tools or land for himself, then labors for himself another while, and at length hires another new beginner to help him. This is the just, and generous, and prosperous system, which opens the way to all, gives hope to all, and consequent energy, and progress, and improvement of condition to all.

—ABRAHAM LINCOLN.



FOOD DRAFT
STUB OF ISSUING BANK

No. _____ Date _____

Drawn on American Relief Administration
at _____
In favor of _____
Address _____
For _____ Packages designated
As Letter _____ Being the
equivalent of $ _____
Sold to _____
Address _____

Specimen

FOOD DRAFT
SEND THIS ADVICE TO
AMERICAN RELIEF ADMINISTRATION
115 BROADWAY NEW YORK

Date _____

We have issued Draft No. _____
In favor of _____
Address _____
On your Warehouse at _____
For _____ Packages designated
As Letter _____ Being the equivalent
of $ _____ for which we
send you herewith our Draft on New York
Issuing Bank _____
Signature _____

Specimen

FOOD DRAFT
SEND THIS ADVICE TO
AMERICAN RELIEF ADMINISTRATION
115 BROADWAY NEW YORK.

Date _____

We have issued Draft No. _____
In favor of _____
Address _____
On your Warehouse at _____
For _____ Packages designated
As Letter _____ Being the equivalent
of $ _____ for which we
send you herewith our Draft on New York
Issuing Bank _____
Signature _____

Specimen

FOOD DRAFT
RECEIPT FOR PURCHASER

No. _____ Date _____

Draft Drawn on American Relief Administration
at _____
In favor of _____
Address _____

For _____ Packages designated
As Letter _____ Being the equivalent
of $ _____
Issuing Bank _____
Signature _____

Specimen

ORIGINAL NOT TRANSFERABLE—GOOD ONLY IF PRESENTED WITHIN 90 DAYS FROM DATE OF ISSUE

FOOD DRAFT

No. _____ ADMINISTERED BY AND FOR THE PROFIT OF THE EUROPEAN CHILDREN'S FUND

To American Relief Administration Warehouse Date _____
at _____
Please deliver on presentation to _____
Or his properly constituted representative _____ Packages
Designated as letter _____ He Being the equivalent of $ _____

IN CASE OF EMERGENCY WE RESERVE THE RIGHT TO SUBSTITUTE COMMODITIES OF EQUAL FOOD VALUE

A	B	C	D
24½ lbs. Flour 10 lbs. Beans 8 lbs. Bacon 8 cans Milk	140 lbs. Flour 50 lbs. Beans 16 lbs. Bacon 25 lbs. Lard 12 lbs. Rolled Oats 48 cans Milk	24½ lbs. Flour 10 lbs. Beans 7½ lbs. Cornmeal Oil 12 cans Milk	140 lbs. Flour 50 lbs. Beans 45 lbs. C'ornmeal Oil 48 cans Milk
$10	$50	$10	$50

American Relief Administration

COUNTERSIGNING BANK

The Gift of _____

Address _____ Signature _____

THE COST OF THIS FOOD DRAFT AS SHOWN ABOVE COVERS ALL EXPENSE TO PURCHASER INCLUDING ANY BANKING CHARGES

SPECIMEN

Food drafts are now being issued by members of the American Bankers Association to persons who desire to transmit food relief to relatives in Europe.

The purchaser receives a Food Draft to be mailed to the person he desires to assist, who will be entitled to receive upon presentation of this Food Draft at nearest central warehouse the food designated on the Draft of an equivalent value to the cost of the Food Draft. There are two ten and two fifty dollar Food Drafts, designated to meet Christian requirements and Jewish requirements.

This plan has been presented to and approved by the State Department, Federal Reserve Board and the United States Treasury, each of the European countries concerned, and the American Bankers Association.

PRIZE CONTEST

Write for information about the prize contest now being conducted by The Bankers Magazine.

CONTEST EDITOR
THE BANKERS MAGAZINE
253 Broadway
New York

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Ansley, D., Central Trust Co., San Antonio, Tex.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Baker, I. W., Mgr., Advertising Dept., Guardian Savgs. and Tr. Co., Cleveland, Ohio.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Banco Mercantil Americano Del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
Baugher, E. M., president, The Home Building Association Co., Newark, Ohio.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Bernheim, E., Ph.D., Foreign Dept., The National Shawmut Bank of Boston, Mass.
Billings, K., asst. advertising mgr., Scandinavian American Bank, Tacoma, Wash.
Bize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, G. W. C., assistant secretary, Tidewater Bank & Trust Co., Norfolk, Va.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.
Buzbee, Minnie A., manager Advertising Department, American Bank of Commerce & Trust Co., Little Rock, Ark.

C

Conhaim, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
Cotton Belt Savings & Trust Co., Pine Bluff, Ark.
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Davis, Clark B., asst. secy., Franklin Tr. Co., 166 Montague St., Brooklyn, N. Y.
Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Deily, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Delson, Louis E., publicity manager, Central Trust Co. of Illinois, Chicago, Ill.
Dysart, W. R., cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Ekirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Garner, Percy, publicity manager, Wachovia Bank & Trust Co,. Winston-Salem, N. C.
Gehle, Frederick W., manager advertising department, Mechanics & Metals National Bank, New York.
Gehle, William A., Liberty National Bank, New York.
Gehrken, George A., manager, New Business Dept., Seaboard National Bank, New York.
Germo, Eleanor, manager publicity department, Los Angeles Trust & Savings Bank, Los Angeles, Cal.
Grimm, H. B., director, Dept. of New Business, St. Joseph Valley Bank, Elkhart, Ind.
Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hamsher, C. F., president First National Bank, Los Gatos, Cal.
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Higley, J. N., advertising department, First National Bank, Youngstown, Ohio.
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
Hodgins, J. H., Statistical Dept., Union Bk. of Canada, Toronto, Canada.
Hoffman, A. C., manager, department of publicity, Security Trust & Savings Bank, Los Angeles, Cal.
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.
Holderness, M. E., vice-president and adv. mgr., First National Bank in St. Louis, Mo.
Hudson, Paul L., assistant cashier, First National Bank, Corona, Cal.
Hunter, Harold G., Sec'y and Treas, Kansas City Terminal Trust Co., Kansas City, Mo.
Hutchins, E. M., Seaboard National Bank, New York.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, Chicago, Ill.
Johnson, E. W., Warren National Bank, Warren, Pa.
Jones, Marshall H., asst. cashier First and Citizens National Bank, Elizabeth City, N. C.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Keeton, Monroe, manager Savings Department, Merchants & Farmers Bank, Meridian, Miss.
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.
Kommers, W. J., vice-president, Union Trust Co., Spokane, Wash.

L

Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Lanng, Edgar R., advertising manager, Hibernia Bank and Trust Company, New Orleans, La.
Logan, John, cashier, Columbus State Bank, Columbus, Mont.
Levett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

Lyons, Chas. S., Puget Sound Bank and Trust Co., Tacoma, Wash.

M

McCorkle, Josephine C., publicity manager, The City National Bank, Evansville, Ind.
McDowell, J. H., American Trust and Banking Co., Chattanooga, Tenn.
Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, Ohio.
Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
Matthews, H. B., advertising manager, S. W. Strauss & Co., 150 Broadway, New York City.
Mead, Harold O., asst. cashier, The Bkg. Corporation of Montana, Helena, Mont.
Merrill, Frank, advertising manager, Northwestern National Bank, Minneapolis, Minn.
Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York.
Moniteur des Interets Materiels, 27 Pl. de Louvain, Brussels, Belgium.
Muller, John, 49 Sonneggstrasse, Zurich, Switzerland.
Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

N

Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

O

Overton, J. A., cashier, National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.
Pollock, Willits, manager commercial service department, First Wisconsin National Bank, Milwaukee, Wis.
Poole, John, president, Federal National Bank, Washington, D. C.
Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.
Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.
Pratt, Thomas B., Henry L. Doherty & Co., 60 Wall Street, New York City.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
Reid, Carol S., publicity manager, People's Bank, Ltd., Hilo, T. H.
Rittenhouse, C. M., Farmers Loan and Trust Co., New York.
Rouff, Melvin, assistant cashier, Houston National Exchange Bank, Houston, Tex.
Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
Ryland, Cally, manager, new business department, American National Bank, Richmond, Va.

S

Sacramento Bank, Sacramento, Cal.
Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
Sclater, A. G., Union Bank of Canada, 49 Wall St., New York.
Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
Shepherd, George W., c/o International Trust Co., Boston, Mass.
Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
Staker, F. M., manager, publicity dept., Commerce Trust Co., Kansas City, Mo.
Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
Stewart, F. E., 1505 Jefferson St., Toledo, Ohio.
Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
Stover, J. C., secretary-treasurer Indiana Savings and Loan Association, South Bend, Ind.
Sutton, Frederick T., publicity mgr., Mercantile Bank of the Americas, New York.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.
Tidewater Bank and Trust Company, Norfolk, Va.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president, Sioux Falls National Bank, Sioux Falls, S. D.
Wadden, Thomas A., vice-president, Lake County Bank, Madison, S. D.
Wells, Geo. T., assistant cashier, Denver National Bank, Denver, Colo.
Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.
Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.
Williams, John L., vice-president, Woodside National Bank, Greenville, S. C.
Winship, Addison L., vice-president and manager, New Business Department, National Shawmut Bank, Boston, Mass.
Withers, C. K., trust officer and publicity manager, Mechanics National Bank, Trenton, N. J.

Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Zambrano, Adolfo, Jr., cashier, c/o A. Zambrano e hijos, bankers, Apartado No. 6, Monterrey, N. L., Mexico.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in BANKING PUBLICITY

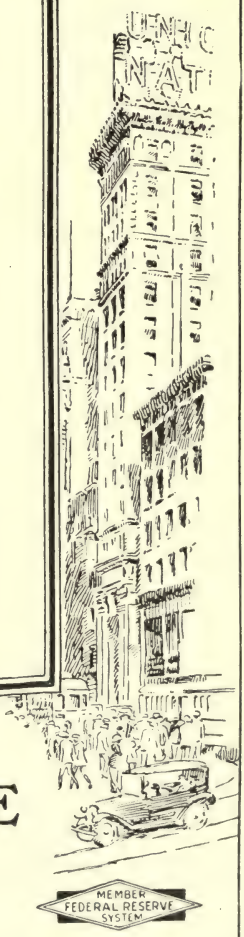
Banking and Financial Notes

SPECIAL The BANKERS MAGAZINE SECTION

BANKS and businesses requiring a Cleveland connection will find this Bank organized and equipped to render them satisfactory service.

Capital and surplus of $7,500,000.00, resources exceeding $70,000,000.00, and irreproachable banking connections make its service of exceptional value.

This bank with its affiliated institution—The Citizens Savings and Trust Company—forms the largest banking unit in Ohio.



UNION COMMERCE
National Bank
OF CLEVELAND



A modern savings bank building in keeping with the beauty and dignity of the principal business street of Northampton, Mass., home of Smith College. The building is occupied by the Northampton Institution for Savings, which has been caring for the savings of this prosperous section of New England since 1842.

Thomas M. James, Architect

3 Park St., Boston, Mass.

Review of the Month

Trade Conditions Throughout the Nation as Compiled for the Federal Reserve Bulletin

REPORTING heavier trade demands and in many cases greater "prosperity" than ever before in the history of their districts, Federal Reserve agents nevertheless point to shortened lending power, less easy credit and dangers of various kinds growing out of extravagance, excessive prices and overtrading. Labor conditions have been on the whole encouraging and the demand for products strong and active.

Although emphasis is thus placed upon spending power and the volume of business, many countervailing considerations are receiving attention heretofore not granted them. From district No. 1 it is stated that "never in the history of the mercantile life of New England was Christmas trade so enormous, and never was purchasing power exercised with such extravagance." Yet, "in spite of the orgy of spending, the people of New England have put into its savings institutions during the past year approximately $190,000,000. There is no reason to become pessimistic with respect to existing conditions."

In district No. 3 manufacturing business "continues to be offered in large volume," and although retail trade shows a natural falling off from the holiday level, it is "in excess of last January." "The stores report difficulty in procuring supplies due to the heavy demand. Collections are excellent and cash payments comprise a large part of total receipts."

In district No. 4 the present demand for manufactured products and the present fever of extravagance has not reached its zenith, while foreign trade is rapidly developing.

In district No. 5 "the end of the year brings a repetition of the reports of unprecedented prosperity. Farmers, merchants, manufacturers and bankers have all had record years. Collections were never better and many old accounts have been liquidated.

District No. 6 notes that the "public mind is giving more thought to the economic situation," and yet "there has been little if any slackening in the wholesale or retail trade during January. All lines report very limited stocks on hand and new supplies difficult to obtain."

In district No. 7 "demand for commodities outruns any possibility of providing a supply. The general volume of business in the Middle West continues at a high level. Farming communities continue to enjoy the prosperity which has resulted from several years of very high prices. Nevertheless, there is running through the banking mind in the Middle West the thought that "this country can not long continue the extraordinary volume of foreign exports," while there has been a "rather liberal use of credits in all lines."

District No. 8 finds that "the holiday trade was in many instances unprecedented, while prices continue high, demand for money at a record level, and collections good."

In district No. 9 there is "sufficient work for all who care to work. Factories are running full time and booking all the orders they can fill," and there is a "continuous demand for a larger supply of skilled labor."

District No. 10 reports that 1919 was a record year of business effort and that at the opening of the new year the business situation continues active, while payments for the first week in January are from 10.4 per cent. to 12.7 per cent. better than in the corresponding week last year. "The tremendous buying power of the people" has continued.

In district No. 12 no strikes or labor disturbance are in progress, bank clearings have increased, retail trade continues active, averaging 45 per cent. greater than in December, 1918, and there is a strong demand for all classes of products.

LIMIT OF BUYING POWER IN SIGHT

Some districts report that an indication of a limit of buying power is apparently in sight. At Boston increases in rediscount rates are required to check further expansion of unnecessary credits. In Philadelphia the present situation can be remedied chiefly by increased production which is needed. In Cleveland the peak of high prices has not yet been reached, while "the evil effects of underproduction and labor unrest" are present in certain lines. In Richmond "universal criticism of the present extravagance of the public and of inefficiency in production" is wide, but there

is "no abatement of these symptoms." In Atlanta "there is great need for universal thrift in order to prevent conditions which a continuous increase in the price of commodities wil bring." In Chicago "there is a terribly curtailed supply of goods" and "a persistent maintenance of the high cost of living." In St. Louis little has been accomplished in fighting the cost of living and it is likely that "little will be accompished" until individuals stop indulging in extravagance. Banks are besieged by small borrowers who wish to borrow on Liberty bonds. In Kansas City there is a tendency to "defer payment of war obligations, to further inflate credits, and thus prolong the abnormally high prices."

Agricultural operations in most districts are now practically suspended owing to the presence of midwinter conditions which have prevented any change in the productive outlook from manifesting itself, leaving in most places only marketing problems to be dealt with. From Minneapolis, however, it is reported that the outlook is good. Conditions in the eastern part of the district are very favorable to winter wheat and rye, and while the seed wheat situation seems likely to give some concern, much of the available seed being of doubtful germinating quality, it is believed that the shortage will not be really acute. In the St. Louis district winter wheat acreage has been materially reduced as compared with last year, which, however, was unusually large. In parts of the district the crop has been damaged by excessive rains and sleet. An average yield in tobacco is expected and about one-quarter of the last cotton crop is still unpicked. In Kansas City the winter wheat area has likewise been reduced, being about 16,500,000 acres as compared with 20,939,000 a year ago, a reduction of 20.6 per cent. There is a tendency on the part of farmers to get back to normal crop growing. The movement of grain to the market has been in satisfactory volume. On the Pacific coast heavy snows and cold weather in the northwest have brought live stock off in the ranges and forced early winter feeding. Winter wheat has been undamaged by the cold and the heavy snows have increased the moisture content of the soil. Fruit trees have suffered some damage. A large movement of canned goods and other products is in progress.

As regards the live stock situation, receipts of cattle at fifteen primary markets during December are reported as 1,650,315 head, corresponding to an index number of 164, as compared with 2,046,664 head during November and 1,706,945 head during December 1918, the respective index numbers being 203 and 169. Receipts of sheep during December were 1,589,237 head, as compared with 1,114,761 head a year earlier and 1,743,189 head during November 1919, the respective index numbers being 116, 82 and 128. Receipts of hogs show a change from 3,785,870 head, corresponding to an index number of 172 during December 1919 to 4,197,313 head, correspnoding to an index number of 191 during December 1918, as compared with 2,715,955 head, corresponding to an index number of 124 during November. From Kansis City it is reported that December 1919 and December 1918 receipts of cattle and sheep at the six markets of that district were 6,821,451 and 8,906,561, respectively, while receipts of hogs were 9,777,671 as compared with 10,680,622 in December 1918. The live stock markets have been in an unsettled condition throughout the year 1919 and losses at the six markets referred to, as compared with the 1918 record, were 8.2 per cent. of cattle and 8.5 per cent. of hogs, although an increase of 17.1 per cent. for sheep and calves for 1919 is shown by the reports.

Flour milling has been heavy during the latter part of 1919 and the opening of 1920 in the Kansis City district. At Kansas City flour output equaled eighty-four per cent. of milling capacity, at Omaha it was slightly above ninety-four per cent. capacity, and at interior points it was eighty per cent. capacity. This compares with the output of a year ago of seventy-five per cent. capacity at Kansas City, eighty per cent. capacity at Omaha, and seventy-two per cent. capacity at interior mills. Car shortage exists in a good many regions, including the flour-producing sections. Nevertheless the output of flour has been larger in many sections during 1919 than in 1918.

IRON AND STEEL PRODUCTION

Iron and steel production has reached a high record level, but the demand for production is keeping well ahead of supply. Independent producers are regulating their quotations more nearly to conform to the present intensity of demand and advances in operating costs. Steel corporation mills continue to adhere to minimum prices, but they are quoted only to regular customers. Total unfilled orders of the United States Steel Corporation on December 31 were the largest since October 31, 1918, while December showed the greatest single monthly gain in history. This

Over 6½ Billions—

FEW realize the phenomenal growth and present day strength and standing of the Federal Reserve Banks.

The last statement gives total resources of $6,504,090,000.00.

The Chemical National Bank is a member of the Federal Reserve System.

We are strictly a commercial bank.

We accept personal accounts with minimum balance of $500.00.

We accept firm or corporation accounts with minimum average balance of $1,000.00.

We are seeking new business on our record.

The Chemical National Bank of New York

(Established 1824)

amounted to 1,137,036 tons. Total unfilled orders during the last seven months increased over 4,000,000 tons. Some of the independent mills are in a similar position. Pig-iron production also shows an increase from 2,392,350 tons during November to 2,633,268 tons during December, the respective index numbers being 103 and 114. Philadelphia district reports a heavy demand for pig iron and foundries are unable to produce in sufficient amount. Prices are advancing and there are practically no stocks on hand. Steel producers are running at their maximum so far as the material and labor situation will permit. There is a general feeling that the next six months will continue to be marked by business of a very large volume. In District No. 6 industrial plants around Birmingham are working to capacity, with sufficient orders to keep them actively employed for some time to come. Pig iron production was not quite so large in 1919 as in 1918, the decrease being due to difficulty in securing raw material and to inefficiency of labor. There is now a shortage of railroad equipment with which to ship pig iron.

The termination of the coal strike has removed the last obstacle from the path of the miners who wished to return to work, but in spite of this fact and the continuance of a strong foreign demand, the output of coal is limited by the failure of railroad companies to deliver cars to the mines as needed. The car problem must be solved before a material betterment can be expected. In the fourth Federal Reserve district some mines are operating at only ten per cent. capacity on this account, and 136 mines in the Pittsburgh district report a loss of 200,000 tons of production during the last two weeks in December. In District No. 3 the production of bituminous coal is gradually recovering, but is not yet up to normal, while the car situation is bad.

The anthracite industry closed the year with an estimated production of 68,700,000 tons, which is 10,000,000 tons short of the preceding year. The market demands are at the present time absorbing the output of domestic sizes. The output of bituminous coal has, however, shown a steady increase in that district during the past month, the output for December amounting to 1,325,000 tons as compared with 1,000,000 tons in November. In the country as a whole production during December was 36,612,000

tons corresponding to an index number of 99, as compared with 20,303,000 tons, corresponding to an index number of 55 during November, and 40,184,000 tons, corresponding to an index number of 108, during December 1918. Special comment is offered in some districts with respect to the tremendous increase in the use of oil as fuel, the production of crude oil being on the increase, while prices are approaching the level where new drilling operations may be expected. From the Kansas City district it is reported that during the twelve months of 1919 the output was 130,000,000 barrels of crude oil, as against 145,000,000 barrels in 1918, the loss in production amounting to 10.1 per cent., due to shortage of labor and materials and scarcity of machinery. During the year, however, it was a fight to develop new production in order to offset the natural decline of production from old wells. The demand for oil at present is so great that the supply is not keeping pace with it and it is expected that during 1920 the development of oil on a larger scale than ever before will be undertaken. For the past December 665 new wells were completed, with 50,425 barrels of daily production.

In wool and textile manufacture there has been some easing of the situation, prices being slightly lower for the medium grades of raw wool, and dealers passing on these inducements to the manufacturer in the belief that the public may be willing to buy less expensive goods. Mills, however, continue to be sold far ahead and particularly the better goods are in very great demand. In the Philadelphia district, however, the demand for the finest grades continues very strong, while the percentage of wools free from defect is comparatively small. Yarns are scarce but in so far as materials can be obtained, manufacturers are very busy. It is expected that during the next few months heavy demand will continue. In clothing, the claim is made that consumers have shown a financial tendency to demand only the finest qualities, while prices of ready-made articles are tending materially higher and labor conditions are such as to entail heavy cost of production entirely independent of raw material expenses.

Cotton textile mills are running to capacity and in some instances are sold through June and are accepting contracts for as late as September in the New England district. The purchase of raw cotton has, however, fallen off of late and manufacturers are coming to the view that the limit of prices has been reached. There is no apprehension as to the future of the industry in New England, extensive additions to factories being under way. In the Philadelphia district the finer grades of cotton yarns are preferred, while stocks of yarns are not increasing. It is becoming increasingly difficult to place new orders owing to the fact that spinners have sold out so far ahead. Prices of yarns are trending upward and the price of finished goods is high and is expected to go higher. The question in the minds of buyers is said to be not so much that of price as of delivery. From the Middle West prosperity in wholesaling is reported, wholesale dry goods dealers reporting increases running from forty-seven per cent. to 100 per cent. and even over 300 per cent. for December, as compared with the coresponding month a year ago.

In leather and shoes there has been apparently some sign of a slowing down in demand for the highest cost goods, with corresponding increase in demand for the lower grades. The leather market has been firm and stable and is likely to remain unchanged for some time to come. Some manufacturers fear further wage increases which may offset declines in other items of production cost. Factories, however, are sold well into the spring and their capacity is not sufficient to take care of business offered.

In automobile manufacturing the sale of pleasure cars seems to be reaching new proportions. Trucks are in but little demand, although there has been some recent improvement. Hardware business is flourishing, and the volume for December and the first half of January was considerably in excess of the previous year. Manufacturers of electrical specialties report business from 80 per cent to 115 per cent beyond that of December, 1918. Harvesting machinery manufacturing in some districts is problematical owing to the uncertainty of the wheat crop. Manufacturers of chemicals are enjoying a steady trade. The stove business is not normal in volume.

HOUSING IN MIDDLE WEST

The housing situation in the Middle West continues to be fundamentally important. In the Kansas City district the year 1919 recorded an increase of 130 per cent over 1918, the estimated cost of new buildings amounting to more than $64,000,000. In district No. 1 the period of building postponement has apparently been passed, im-

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We offer you this distinctly personalized financial service and the complete facilities of our well equipped departments, with the assurance that any business entrusted to our care, will be handled with accuracy, promptness and unfailing courtesy at all times.

The Seaboard National Bank

of the City of New York

Resources more than	$80,000,000
Deposits	71,000,000

mediate necessities being of such urgent character that they must be met. It is predicted that the current year will break all current records. Certain classes of materials, however, seem to be absolutely impossible to deliver. In the Philadelphia district a good volume of demand for many classes of materials is reported. Stocks of lumber on hand are scanty. In Chicago the structural trades are operating at one-half normal speed owing to inability to obtain structural steel. Prohibitive prices and extreme scarcity control the brick situation. In Atlanta District the demand for lumber is in excess of the supply and prices continue very high. The winter season has been unfavorable for production. The naval stores industry is quiet, but producers are engaged in preparing for the coming season. Demand is improving. Foreign purchasing is restricted on account of high exchange rates. Taking the country as a whole, the characteristics of the situation are extremely strong demand for building materials, particularly for lumber, and very low stocks, coupled with unfavorable transportation conditions which have prevented deliveries. Early spring building operations will be correspondingly difficult.

During the month of December there was an increase of 8 points in the Bureau of Labor Statistics index number, the index number for the month of December standing at 238. The index numbers for each of the principal classes of commodities likewise show increases, the figure for the group of raw materials for the month of December being 233, as compared with 226 for November, for the group of producers goods increasing from 216 in November to 229 in December, and for the group of consumers goods standing at 244 during December as compared with 236 during November. The increase in the index number for the group of raw materials is due largely to the increases in prices of farm products and forest products, the index number for the former group increasing 12 points to 288, and for the latter group increasing 20 points, the December figure being 259. On the other hand, animal products show a slight decrease and mineral products a slight increase.

There has been an evident improvement in general labor conditions during the month. In the East and North employment is reported as being full and labor is said to be in a more contented mood than for

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital $500,000 Surplus $2,000,000 Undivided Profits $950,000

OFFICERS

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
THOMAS BLAKE, *Secretary*

HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED. **INTEREST ALLOWED ON DEPOSITS.**

some time past. High wages and generally satisfactory conditions of employment are given as the reason for this improvement. At some manufacturing centers efforts are made to increase wages on the ground that higher living costs make them necessary but this argument in behalf of higher wages is apparently losing its force, employers feeling that the strong demand for luxuries indicates that there is a large surplus of buying power in the hands of consumers. In the steel districts the termination of the strike has resulted in a more stable condition of the labor market, and the Pittsburgh district is now free from strikes, excepting minor local disturbances. In all parts of the country a similar condition is reported except that poor transportation conditions seem at some points to make full operation difficult, hence, subjecting labor to some little irregularity of employment. At some points in the South and Southwest there are still complaints that labor is not working full time but is using its high income to purchase leisure at the expense of production. Nevertheless, the general labor situation even in these districts is reported as the best for months past. There is some prospect of agricultural labor shortage in connection with the crop season now pending, but the extent of this is still for the future to determine.

MONEY

The banks in the eastern centers particularly, are reporting a heavy demand and are using the Federal Reserve Banks freely. In the interior of the country money has been in strong demand for local uses. The action of the Federal Reserve system in raising its discount rate to 6 per cent on January 23, has been favorably received by the financial community as a step toward the reduction of outstanding lines of credit. Ordinary commercial rates are moving upward. While on some days there have been very high rates for call funds at the different centers, a reduction in the volume of speculation has limited such charges, and during much of the time call funds have ranged around 6 per cent to 8 per cent, although they have run as high as 25 per cent. The market for commercial paper is dull, and commercial paper houses report that they are discouraging their clients from extensive borrowing. A lower level of prices and very much less activity in stocks and securities generally has been characteristic during the latter part of the month of January. Liberty bonds have declined slightly and standard railroad and industrial bonds have sold at low figures. Foreign exchange has begun to move downward, sterling bills reaching the low level of $3.05¼, while practically all continental exchanges have also gone to record low figures. During the past month the money situation has not shown the relaxation usual in January. New financing has been greatly impeded. There has been no change in the foreign credit situation, but a Belgian loan of $25,000,000 was successfully placed during the middle of the month.

On the whole, the business outlook presents much the same characteristics as during December, but with evident symptoms that a peak in high prices and inflation has been approached if not reached. Financially the month has been one of doubt and tension. General business prospects for the coming weeks appear favorable, but will require careful disposal of pending financial and exchange problems. Foreign trade continues on its abnormally high level, although a reduction during December was noted. A much heavier reduction, should exchange continue at its present unfavorable figures, is predicted by many.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland and the District of Columbia

WEATHER conditions of rather unusual severity have seriously interfered with trade in this section during the past month, heavy snows constituting an interruption of local traffic in New York and some of the other large cities.

The continued depreciation in the exchanges of some of the foreign countries has continued an important feature of the situation, and this depreciation has now gone so far as to halt foreign trade to an extent which only the official figures will completely reveal. But it is known that there have been numerous cancellations of orders heretofore placed for goods for export, and in not a few cases goods already shipped across the ocean have been returned. At present there is some disposition to regard this recession in foreign trade with more or less complacency, since it is felt that it will result in an improvement in the exchange situation and will tend to cause a fall in prices of commodities in the United States owing to the greater stock it will make available for home consumption. But later there may be some modification in this view as producers find their goods bringing less money, with a possibility that a time may come when it will not be so easy as it has been heretofore to dispose of both farm products and manufactured goods. Unless the home demand continues strong enough to absorb what is left over from the decline in the foreign demand, the not distant future may bring about conditions which will force manufacturers to reduce wages, and there may be some unemployment.

In both manufacturing and financial circles in this part of the country, the foreign outlook is not regarded with satisfaction, and no present signs can be discerned of an early clearing up of the situation.

While the exchange situation and the recent advance in the discount rate of the Federal Reserve Bank has operated to check speculation, and there has been a marked decline in the prices of securities, no evidence has appeared of any decided tendency toward the curtailment of currency and credit expansion. As gold is now going out, to South America and the Orient, in considerable volume, the check to such expansion may soon be forced in this way.

Despite the unfavorable factors mentioned, the general state of trade is good, and now that the usual spring demand for goods has commenced, an active season is expected.

FEDERAL RESERVE BANK OF NEW YORK DISCOUNT RATES

The following rates became effective January 22, 1920, in the Second Federal Reserve District:

COMMERCIAL PAPER

For advances not exceeding 15 days secured by all classes of eligible commercial paper, excepting bankers acceptances, and for rediscounts of such paper..... 6%

LIBERTY LOAN BONDS AND VICTORY NOTES

For advances not exceeding 15 days on Liberty Loan bonds, Victory Notes and customers notes secured by either of the foregoing, and for rediscounts of customers notes, so secured, for periods not exceeding 90 days 5½%

BANKERS ACCEPTANCES

For advances not exceeding 15 days secured by bankers acceptances, and for rediscounts of same not exceeding 90 days..... 5%

U. S. TREASURY CERTIFICATES OF INDEBTEDNESS

For advances not exceeding 15 days secured by U. S. Treasury certificates of indebtedness, and for rediscounts of customers notes so secured not exceeding 90 days.....4¾%

SABIN TO BE ASSISTED BY COMMITTEE

Charles H. Sabin, president of the Guaranty Trust Company of New York, has announced the appointment of a managing committee to direct the administrative work of the company's operations as an aid to the president, the chief executive head of the business. The appointment of the committee was approved at a meeting of the executive commiteee of the board of

directors held on January 22, and it will undertake its new duties at once.

It will be the function of this committee to administer and co-ordinate the general work of the company through its various departments, select and direct its personnel, and be responsible for working out the policies of the president and directors through the organization. It will act with full authority under the president's direction.

The committee selected consists of five vice-presidents of the company, Messrs. Albert Breton, W. P. Conway, E. W. Stetson, Harold Stanley and F. H. Sisson. The members of the committee will be of equal rank and authority. By the plan adopted the committee will select a chairman from its own membership each year through the process of rotation, Mr. Breton having been selected as chairman for the first year.

It is believed that this method of organization is desirable in order to meet the rapid growth of the company, which now has a staff of 3,800 people operating through four offices in New York City and five foreign offices, besides numerous subsidiary and affiliated corporations.

CHANGES IN THE CENTRAL UNION TRUST CO.

Henry C. Holt, formerly assistant treasurer, has been elected a vice-president of the Central Union Trust Company of New York, to succeed E. Francis Hyde, who retired at the end of the year. Samuel A. Brown, Charles E. Sigler and Charles J. Farrell were elected assistant secretaries and Richard C. Roetger was elected an assistant treasurer.

A. W. LOASBY COMES TO NEW YORK

A. W. Loasby, president of the First Trust and Deposit Company of Syracuse, has been appointed vice-president of the Equitable Trust Company of New York.

PITTSBURGH BANK CLEARING FOR 1919

The total amount of exchanges of the several members of the Pittsburgh Clearing House Association for the year 1919, was $7,276,699,488.95 as against $5,761,511,498.93 in 1918, $4,021,732,887.68 in 1917, $3,402,245,463.19 in 1916, $2,666,312,569.38 in 1915, and $2,625,925,677.22 in 1914.

Aside from the Pittsburgh branch of the Federal Reserve Bank, the Mellon National Bank had the largest total amount of exchanges, the figure being $1,203,698,873.83.

NEW YORK CLEARING HOUSE AMENDMENT

The New York Clearing House Association at a meeting held January 16, passed the following amendment to the constitution bearing on the interest rates on balances, adopting a maximum rate of 2¼%:

(Words constituting proposed amendment printed in **bold face.**)

ARTICLE XI—INTEREST ON DEPOSITS; EXCHANGE CHARGES TO BE PAID BY MEMBERS, ETC.

Sec. 1. No member of this Association, or bank or trust company or others clearing through any member, shall agree to pay, directly or indirectly, on any credit balance payable on demand or within thirty days, or certificate of deposit so payable, by its terms, issued to or for the account of any bank (other than a mutual savings bank located in the Second Federal Reserve District), trust company or other institution conducting a banking business, or private banker or bankers, located in the United States or Dominion of Canada, interest at a rate in excess of 1% per annum when the then ninety-day discount rate for commercial paper at the Federal Reserve Bank of New York is 2% or less, and an additional one-fourth of one per cent for every one-half of one per cent. that such discount rate of the Federal Reserve bank shall exceed two per cent. except that the maximum rate paid or agreed to be paid on any such credit balance or certificate of deposit shall not in any case be higher than **two and one-quarter** per cent per annum; nor shall any member, or non-member clearing through a member, pay or agree to pay on any like credit balance of, or like certificate of deposit issued to, any mutual savings bank located in the Second Federal Reserve District or any person, persons, co-partnership, corporation or association, other than those specified and included above, interest at a higher rate than three per cent. per annum; nor on any time deposit, or certificate of deposit payable by its terms later than thirty days from the date thereof, at a higher rate than three and one-half per cent. per annum. The foregoing provisions are not intended to apply to the account of, or any certificate of deposit issued to, any person or persons residing and transacting business in any foreign country other than the Dominion of Canada, or to any corporation, association or co-partnership organized and located therein nor to affect such interest rates as are or may be fixed or regulated by law.

The Clearing House issued the following statement relative to its action:

The Clearing House Committee recommended the adoption of the amendment in view of the request of the Federal Reserve Board, which had the approval of the delegates from clearing houses all over the country at the recent conference held with the Federal Reserve Board at Washington, that there should be no increase in the interest rate paid on balances and that the maximum rate to be paid under Clearing House regulations should not increase with an increase in

IN NEW YORK

We are still New York correspondents for nine out of town banks who opened accounts with us in the following years:

1829	1836	1851
1829	1839	1863
1831	1849	1865

We offer this time tested service to you,



Phineas C. Lounsbury, *Chairman*
Herman D. Kountze, *President*
Edward K. Cherrill, *Vice-President*
Gilbert H. Johnson, *Vice-President*
Kimball C. Atwood, *Vice-President*
Charles F. Junod, *Vice-President*
Frank E. Andruss, *Cashier*
John P. Laird, *Asst. Cashier*
John H. Brennen, *Asst. Cashier*
Hugh M. Garretson, *Asst. Cashier*
John H. Trowbridge, *Asst. Cashier*
George M. Broemler, *Manager Foreign Dept.*

ATLANTIC
National Bank
Broadway-Opposite City Hall
NEW YORK CITY

the Federal Reserve bank discount rate for ninety-day paper beyond a maximum of 2¼%.

Under the amendment that has been in force since April, 1918, the maximum rate has been 3%.

NEW DIRECTORS FOR CHATHAM AND PHENIX

The Chatham & Phenix National Bank of New York, has announced the election of Norborne P. Gatling, vice-president and Bert L. Haskins, vice-president and cashier, as members of the board of directors.

Mr. Haskins came to New York about fifteen years ago as assistant cashier in the Phenix National Bank and was later promoted to cashier. When the Chatham and Phenix National banks were consolidated, he was elected cashier and a few years later vice-president.

Mr. Gatling began his banking career in 1902 when he became secretary of the Virginia Bankers' Association. Upon the amalgamation of the Chatham and Phenix banks, Mr. Gatling was elected an assistant cashier, and a few years later vice-president. Mr. Gatling is a member of the executive committee of the National Bank Section of the American Bankers' Association.

JULIAN W. POTTER IN NEW YORK POST

At a meeting of the board of directors on January 19, Julian W. Potter, formerly vice-president of the American National Bank of Bowling Green, Kentucky, was appointed an assistant treasurer of the Guaranty Trust Company of New York.

THE STATE BANK, NEW YORK

At a meeting of the board of directors held last month, Harold C. Richard and Albert I. Voorhis were re-elected president and vice-president, respectively, of the State Bank of New York. The following were re-appointed: Walter L. Burckett, vice-president; John Kneisel, cashier; Frank A. Pappi, assistant cashier; Chester A. Woodworth, auditor; Maxwell M. Teicher, manager foreign department.

The following new appointments were also made: Vice-presidents, John Kneisel, William B. Roth, Charles A. Smith, Harry W. Vogel; assistant cashiers, Charles C. Schnecko, Paul Muller, Clarence E. James, Edward W. Rasp and Philip L. Tuchman.

All of the new appointees have been associated with the bank for fifteen years or more.

Resources
$18,000,000.00

Send us your Buffalo business

THE PEOPLES BANK OF BUFFALO

for Direct Service

Try Us
and you will be entirely satisfied

A. D. BISSELL, Chmn. of Board
HOWARD BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
C. G. FEIL, Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier
GEO. ULRICH, Asst. Cashier
C. H. FITCH, Asst. Cashier
W. G. WILCOX, Auditor

Trust Department
CHAS. W. CARY, Trust Officer

Member Federal Reserve System

COSMOPOLITAN BANK ELECTIONS

At the annual meeting of the stockholders of the Cosmopolitan Bank, New York, the following officers were re-elected for the ensuing year: Leonard G. Robinson, president; Harold Stiner, first vice-president; Phil. Cedar, second vice-president; W. H. Devlin, cashier.

COL. MURPHY ELECTED DIRECTOR OF THE LIBERTY NATIONAL BANK

Col. Grayson M. P. Murphy has been elected a director of The Liberty National Bank of New York and appointed a member of that institution's executive committee.



G. M.-P. MURPHY
Director Liberty National Bank, New York

Col. Murphy was formerly vice-president of the Guaranty Trust Company, having resigned last January to become president of the Foreign Commerce Corporation. Col. Murphy recently sailed for Europe with H. P. Davidson to make a study of foreign conditions.

CHARLES WESLEY & CO. IN NEW QUARTERS

In order to meet the needs of their rapidly increasing clientele, Charles Wesley & Co., New York correspondents of Holliste White & Company, a leading investmen house of Boston, have removed from 59 Wa street to 115 Broadway. The new locatio is within the city's great financial distri and on account of the greater space ava

The Chase National Bank

OF THE CITY OF NEW YORK — 57 BROADWAY

Capital - - - - - - - - - $15,000,000
Surplus and Profits - - - - - - 21,877,000
Deposits (Jan. 21, 1920) - - - - - 387,861,000

OFFICERS

A. BARTON HEPBURN, Chairman of the Advisory Board
ALBERT H. WIGGIN, Chairman of the Board of Directors

EUGENE V. R. THAYER, President

SAMUEL H. MILLER, Vice-President
EDWARD R. TINKER, Vice-President
CARL J. SCHMIDLAPP, Vice-President
GERHARD M. DAHL, Vice-President
REEVES SCHLEY, Vice-President
ALFRED C. ANDREWS, Cashier

DIRECTORS

H. W. CANNON	J. N. HILL	E. R. TINKER	E. V. R. THAYER
A. B. HEPBURN	D. C. JACKLING	H. B. ENDICOTT	C. J. SCHMIDLAPP
A. H. WIGGIN	F. A. SAYLES	E. T. NICHOLS	G. M. DAHL
J. J. MITCHELL	C. M. SCHWAB	N. CARLTON	A. FLETCHER
G. E. TRIPP	S. H. MILLER	F. H. ECKER	W. B. THOMPSON

WE RECEIVE ACCOUNTS OF Banks, Bankers, Corporations, Firms or Individuals on favorable terms, and shall be pleased to meet or correspond with those who contemplate making changes or opening new accounts.

Through its Trust Department, the Bank offers facilities as Trustee under Corporate Mortgages and Indentures of Trust; Depositary under re-organization and other agreements; Custodian of Securities and Fiscal Agent for Corporations and individuals.
Executor under Wills and Trustee under Testamentary Trusts
Trustee under Life Trusts

FOREIGN EXCHANGE DEPARTMENT

able affords much better facilities than the quarters formerly occupied by the firm.

APPOINTED AUDITOR ASIA BANKING CORPORATION

J. W. Wheeler, formerly auditor of the foreign department of the Guaranty Trust Company of New York, has been appointed auditor of the Asia Banking Corporation.

ITALIAN DISCOUNT APPOINTMENT

The Italian Discount and Trust Company of New York, has announced the appointment of Frank M. Rohn as assistant secretary. Mr. Rohn was formerly connected with the foreign department of the Guaranty Trust Company of New York.

CHANGES IN GUARANTY TRUST COMPANY

Recent changes in the staff of the Guaranty Trust Company of New York, include the appointment of Harry Lawton, as manager of the Grand Street office, of Otto Paul as assistant treasurer, and of Francis A. Fullam as assistant secretary. Mr. Lawton has for the past year been manager of the Overseas Service, a department of the Guaranty's foreign department. Mr. Paul was formerly head of the adjustment division of the Foreign Department to which division were referred all matters affecting the Guaranty's relations with various Government bureaus. Mr. Fullam was formerly managing clerk of the banks and bankers department.

Irénée Du Pont of Wilmington, Del., was elected a director of the company last month.

CHANGES IN HANOVER NATIONAL BANK

At a meeting of the board of directors of the Hanover National Bank, held on Jan. 13, 1920, James P. Gardner and Fred A. Thomas were appointed assistant cashiers.

ITALIAN DISCOUNT ELECTIONS

At the annual meeting of the directors of the Italian Discount and Trust Company, held January 28, the following new directors were elected: Challen R. Parker and John J. Lewis, vice-presidents, and Arthur B. Hatcher, assistant vice-president, all of the Guaranty Trust Company of

INVESTMENT SECURITIES

We specialize in Government bonds and other investment securities. This firm was founded in 1865 and we have always endeavored to recommend to our clients conservative investments. As members of the New York and Boston Stock Exchanges we are prepared to execute orders for the purchase or sale of securities on a cash basis in large or small amounts.

A circular describing several issues of desirable investment securities will be sent on request

Kidder, Peabody & Co.

115 Devonshire St.
Boston

17 Wall Street
New York

New York. Mr. Parker will serve on the executive committee of the company. At the same meeting Pietro Rocca was elected assistant secretary.

Gaetano Biasutti, vice-president and director of the Company, resigned, to assume the duties of managing director of a new banking institution being formed in Rome.

CHANGES IN THE NEW YORK TRUST COMPANY

The board of trustees of the New York Trust Company have re-elected the present officers of the company. Mrs. Key Cammack and Russell V. Worstell have been appointed assistant secretaries.

COLLINS ORGANIZATION CHANGES NAME

The officers of banking and financial institutions throughout the country, who have profited by the scientific and progressive methods of business extension and development prepared by The Collins Publicity Service of Philadelphia, will be interested in the change of name of this organization to The Collins Service.

In announcing the new name, executives of The Collins Service expressed the wish that it be clearly understood that the change is not due to nor accompanied by any change of management. The scope of service rendered their clients has assumed such wide proportions that the name 'Publicity Service' does not do justice to the work, and hints at limitations that do not exist. The service this group of specialists renders to banks is far more than a publicity service. Some conservative bankers have felt a little hesitancy about availing themselves of it until they found that the broad and comprehensive business extension plans had nothing in common with the advertising campaigns envisioned by the word 'publicity'.

No doubt the most important reason for adopting the new title is seen in the announcement that The Collins Service has entered the field of industrial research and analysis. "This does not mean" said an executive emphatically, "That our service to the banker will be curtailed or changed in any way, other than in the steady improvement that comes with continued experience and constant study of his problems. Our service to our banker clients necessitates an exhaustive study of indus-

On Broadway—

Now in our new quarters, with more room — more convenient of access

One Hundred Fifteen—

Entrances on Cedar and Church Streets

CHARLES WESLEY & COMPANY

Correspondents of

Hollister, White & Co.

INCORPORATED

Investment Securities

Telephones
Rector 3901-2-3-4-5

Cedar & Church Streets
New York

BOSTON, PHILADELPHIA, NEWARK, SPRINGFIELD, PROVIDENCE

trial conditions and thorough information on all new situations in this changing field. In bringing the experience of our staff, with their specialized industrial and economic training, to bear on the important problems of industrial relationships and management, as they affect the industrial life of the nation, we are simply enlarging our field of service, so that industrial organizations may profit by our study.

"All our operations tend to the same end. The prosperity of the bank is a reflection of the prosperity of the people. The surest and quickest way to bring prosperity and progress to the country is to build its industrial organization on a foundation of increased production and industrial good will."

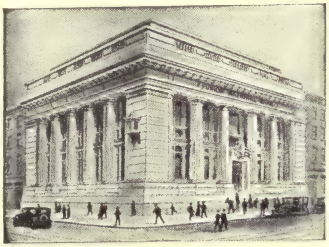
NEW PRESIDENT OF AN OLD BANK

E. P. Passmore recently resigned as Governor of the Federal Reserve Bank of Philadelphia to become president of the oldest bank in the United States—the Bank of North America, Philadelphia.

Mr. Passmore's banking experience has been extensive, embracing services in banks at Rising Sun, Md.; Avondale, Pa., and Scranton, Pa.; at the latter place he was cashier of the Traders' National Bank, from which position he went to the Franklin National Bank, Philadelphia, as assistant cashier. He was later made cashier and in 1912 became vice-president also, which position he held until 1918, when he resigned to become Governor of the Federal Reserve Bank of Philadelphia—a marked and merited recognition of his banking ability.

As has been stated above, the Bank of North America—which is the only national bank without the word "national" as a part of its title—is the oldest bank in the country. It was chartered in 1781 and began business the following year. Its aid to the struggling Colonies in the closing years of the Revolution was recognized by Alexander Hamilton, Secretary of the Treasury, who declared in his Annual Report for 1790: "American independence owes much

Equipped for Service



LOCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

Union National Bank

PHILADELPHIA

Resources over ***$19,500,000***



E. P. PASSMORE
President Bank of North America

to it." The plan for organizing the bank was drawn by Robert Morris, the Financier of the Revolution, and the original charter was granted by Congress. In November, 1864, the bank entered the national banking system, retaining its original title.

The Bank of North America has withstood all the panics and upheavals of various kinds which have occurred during its long and honored history, thus fully establishing its staying qualities. That the reputation the bank has achieved will be utilized as a basis for still further increasing its usefulness and power may be safely inferred from the fact that Mr. Passmore has assumed the presidency.

PHILADELPHIA NATIONAL BANK TO INCREASE CAPITAL

The stockholders of the Philadelphia National Bank have voted to increase the capital from $3,000,000 to $5,000000 through the issue of 20,000 additional shares to be offered to the present stockholders at $200 per share. When this operation is completed the capital will be $5,000,000 with surplus and undivided profits of over $10,000,000—the combined capital, surplus and profits exceeding $15,000,000.

New England States

AS has been the case with the rest of the country, New England has had to face all sorts of conditions during the past month—labor weather, financial, et al. But New England is making headway, looking beyond present obstacles toward the "long pull," and is viewing the future with optimism qualified only by the good, old-fashioned, sane New England conservatism. New England, for the most part, manufactures essentials—some luxuries, but mostly essentials—and the demand for these essentials is more likely to be increased than decreased by the growing world-wide effort to curtail reckless buying.

Transportation conditions have been abominable. The heavy storms during the early part of the month, coupled with labor troubles and a generally rundown equipment have created conditions in the transportation field that seriously handicapped almost every line of business. Improvement in this line is imperative.

In the field of general business, as stated above, there is faith in the "long pull." The day-to-day retail business is very heavy in all lines. Credit conditions are fairly satisfactory, and while there has been some slight increase in the number of business failures the increase is not at all alarming, nor do the reports indicate any special strain in any special lines or localities. Real estate is very active and the outlook is for a very busy spring season. As has been the case for some time, most of the activity is in improved property, and high prices are being paid for home and business properties. Most of the transactions are actuated by actual need of the property rather than by an investment desire. There is no shortage of mortgage money for such transactions, at around six per cent. Building operations have been active, considering the weather conditions and high prices for materials. Work in the spring promises to be limited only by the available supply of material, and the majority opinion is that there will be little if any falling off in building costs.

New England banks had a big year in 1919. Earnings were large and deposits showed tremendous increases. One reflection of the "good times" is seen in the amount of building being done by the banks. Except for the mortgage money mentioned above, money has been rather scarce throughout New England and little change is looked for in the immediate future.

The number of new corporations has been very large in spite of money conditions which might be expected to interfere with the financing of new enterprises.

In the dry goods market—an important factor in New England trade—business has been good in all departments, with demand exceeding supply and with prices holding up to a high level. In cotton, wool and similar commodities it has been pretty much a "sellers market" throughout the month. The leather market has been very firm, with no signs of weakening. There is still an abnormal demand for the higher grades of shoes and high prices seem to offer little discouragement to consumers. Wholesale buyers are proceeding carefully, however, with little disposition to stock up heavily at the prevailing level of prices. In wholesale hide markets prices sagged a bit during the month and business was retarded by money conditions.

To summarize the situation it is enough to say that New England business interests are proceeding carefully, avoiding contracts that run far into the future, keeping merchandise stocks pretty liquid, and looking confidently beyond the present handicaps to a bright future.

NEW VICE-PRESIDENT, MERCHANTS NATIONAL, BOSTON

W. Irving Bullard, who has been associated with the Merchants National Bank of Boston, since 1917, has been made a vice-president of that institution. Mr. Bullard came to the Merchants National Bank for the purpose of establishing a Textile Department. This department, now known as the Industrial Service Department, has proved highly successful. Mr. Bullard is prominent in the textile industry, being director of the Wauregan (Conn.) Cotton Mills and the Quinebaug (Conn.) Cotton

Quick Dependable Service

During its eighty-eight years, this bank has developed specialized facilities and world-wide connections through which it extends to its correspondents quick, dependable service in every department of domestic and foreign banking.

The Merchants National Bank of Boston

Resources over $82,000,000



W. IRVING BULLARD
Vice-President, Merchants National Bank, Boston

Mills, and Treasurer of the National Association of Cotton Manufacturers. With Sir James Hope Simpson of England, he is also joint treasurer of the World Cotton Conference, and last year was a member of the special commission representing the American cotton industry which was sent to Europe to invite personally the leaders of the European cotton industry to the World Cotton Conference at New Orleans, and to assist in textile reconstruction problems in the devastated countries of Europe. Mr. Bullard is a director in the Danielson (Conn.) Trust Company, the Waltham (Mass.) National Bank, and the Federal Mutual Liability Insurance Company of Boston.

BERKSHIRE LOAN & TRUST COMPANY APPOINTMENT

Clarence A. Boyce has been appointed assistant secretary of the Berkshire Loan & Trust Company of Pittsfield, Mass.

Write for information about prize contest now being conducted by The Bankers Magazine.

CONTEST EDITOR
BANKERS MAGAZINE
253 Broadway
New York

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

THE South's great crop—cotton—is moving to Europe, especially to England, in very heavy volume notwithstanding the unfavorable exchange situation, for the textile manufacturers of the United Kingdom are largely dependent upon the free movement of cotton from the United States. Some interest is being aroused in this section by the report that Great Britain hopes in the near future to raise enough cotton in the colonies and self-governing dominions to obviate this reliance upon the Southern plantations. Should this plan prove feasible, it would either require a larger demand for cotton from American manufacturers, the opening of new markets or that the South should engage in more diversified farming. The South has for several years been taking a continually increasing amount of cotton for local mills, and this development is likely to continue, though the time is not yet in sight when the production of cotton will be absorbed in this way. Should the necessity arise for more diversified farming, that will be found practicable, as the already large output of general agricultural staples in this section abundantly proves.

Since the beginning of the war, Southern interest in shipbuilding and marine transportation has received a fresh impetus. For the construction of ships abundant materials are found here without increasing the cost incident to the transportation of such materials from distant points. Port facilities have been greatly improved at such important points as Baltimore, Newport News, Charleston, Savannah and New Orleans. With the increase in the ocean-carrying trade, greater activity is looked for in farming, manufacturing and in inland transportation.

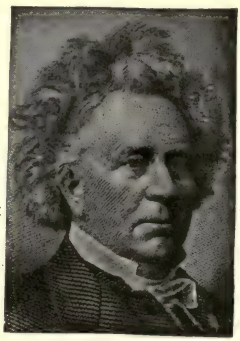
The South at the present time is exceptionally prosperous, with an excellent outlook for the future. This prosperity is chiefly derived from the growing of products in almost universal demand and in manufacturing and transportation. In bringing about this desirable situation, the banks have helped very greatly, and they are now wisely assisting in keeping industrial and commercial operations on a sound and healthful basis.

BALTIMORE BANK DOUBLES CAPITAL

The stockholders of the Citizens National Bank of Baltimore, have approved the doubling of the capital of the bank from $1,000,000 to $2,000,000. The new stock will consist of 100,000 shares at the par value of $10 a share and will be offered to present stockholders at $40 a share. The premium thus obtained of $3,000,000 is to be added to the bank's surplus.

NEW SECURITIES COMPANY

From Nashville, Tenn., comes the announcement of another Securities Company



Thos. S. Branch
Our first President

Merchants National Bank
RICHMOND, VA.

Capital . . . $400,000
Surplus and Profits over 1,700,000

The Gateway to and Collection Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank

Baltimore, Md.

Capital & Surplus, $2,500,000 Resources, $22,380,000

WALDO NEWCOMER, President
SUMMERFIELD BALDWIN, Vice-President
PAUL A. SEEGER, Vice-Pres. CLINTON G. MORGAN, Vice-Pres.
JOSEPH W. LEFFLER, Cashier WILLIAM R. WEBB, Asst. Cash.

to be known as The American National Securities Company. This company is being organized for the purpose of assisting in all kinds of legitimate financing and for distribution and underwriting of investment securities. The capital stock of this company is owned by the stockholders of the American National Bank of Nashville.

The officers are as follows: President, P. D. Houston, vice-president, Paul M. Davis; manager, R. A. Shillinglaw.

The directors are as follows: Geo E. Bennie, E. R. Burr, Whitefoord R. Cole, Paul M. Davis, J. J. Gray, Jr., W. T. Hale, Jr., V. E. Schwab, P. D. Houston, R. A. Shillinglaw, W. A. Sadd.

The American National Bank has total resources of nearly $20,000,000.

AMERICAN NATIONAL BANK

As a result of the January meeting of directors and shareholders of the American National Bank, Richmond, Va., the following promotions were announced: O. Baylor Hill, formerly cashier, was elected vice-president and cashier; D. W. Durrett, formerly assistant cashier, was elected a vice-president; A. W. Mann, Charles C. Cocke and Carter Talman were made assistant cashiers.

The American Trust Company, affiliated with the American National Bank and owned by the same shareholders, has announced an increase in capital stock from $100,000 to $1,000,000. The combined capital of the two institutions is therefore $3,000,000.

NORFOLK AND PORTSMOUTH BANKS SHOW BIG RESOURCES

At the close of business on December 31, 1919, the banks of Norfolk and Portsmouth completed the most successful business year of their separate careers. The total figures of resources of the twenty-two banks in the two cities amounted to $106,121,747.95. This is the first time that the banks of Norfolk and Portsmouth could count up together more than $100,000,000 in resources.

The capitalization of the twenty-two banks collectively stands at $7,850,809.70; surplus and profits amount to $5,406,645.93, and deposits total $63,703,910.18.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa and Missouri.

PERHAPS no better general picture of business conditions in this part of the country may be had than that furnished by the report of the January sales of one of the large Chicago mail order houses, whose total for January this year was $29,490,976, against $19,609,327 for January of last year, representing an increase of over fifty per cent. in value. While the establishment in question is engaged in distributing merchandise to various parts of the country, and indeed throughout the world, its Middle West business constitutes so important a share of its trade as to afford a very fair index of trade conditions in that section. Other reports of large Chicago mercantile concerns could be cited as offering similar testimony. There is no doubt as to increased business. Collections are also generally satisfactory.

Middle West crop conditions are favorable. Building throughout the section is active with the promise of remaining so to a record making degree for a long time to come.

Not only business, present and future, is recognized as of unprecedented proportions, but new industries are coming to the Middle West in considerable numbers.

Chicago bids fair to become a big paper center. Its railroad facilities, water supply, and the opening of foreign markets through the proposed St. Lawrence and Illinois-Mississippi waterways combine to make certain the development of the Middle West as a great paper manufacturing territory. It is a natural central point of production and distribution. Chicago is today second only to New York in amount of printing and paper consumed, and is gaining every day. The great catalogues of the western mail order houses would in themselves alone be reason sufficient to establish large paper mills in the Middle West. Water has been tested from the drainage canals after filtering and found available and adapted to paper-making requirements. Cheap power is assured through hydraulic energy developed from our mid western waterways. Direct transportation for Canadian wood pulp and for the finished product to all home and foreign ports is already projected and becoming every day nearer realization.

Large new plants and additions to existing plants in many industries are not only contemplated but under construction. Plans are out for textile mills to produce the large amount of cloth used by western clothing manufacturers.

While business in the Middle West is generally active, this section is not, to be sure, producing to its limit measured by man power. This, however, is in part a reflection of world industrial conditions. But let no one say the Middle West is not producing its share compared with other sections of the country and other countries of the world, for business in the Middle West is bigger than ever before and expanding. Sustained activity and expansion is the general and confident expectation.

Prices have not exactly followed the course expected. For many reasons prices were lately considered as being likely to slowly range lower. This was particularly looked for after the holidays, and certain buying and the placing of future orders was to some degree held back awaiting lower prices. Only a brief period of anything like a lower average of prices in basic commodities obtained. Prices soon actually advanced in fact instead of further declining. The wholesale price of cotton, corn, wheat, iron, copper, lumber, leather and other commodities is higher to-day than at the peak of inflation at the close of the Civil War. Orders in all lines, however, are being freely placed.

Of course, commodity prices cannot long continue ranging upward, or probably long be maintained at present high levels. The problem of production and prices is one that is largely engaging the attention of financiers and industrial leaders. It will probably be satisfactory and safely solved. In fact, the Middle West is helping solve it through intensive study of economic and industrial conditions and through applying to the problems at hand the best judgment its business men are capable of, and what

COMPLETE FACILITIES *and* PERSONAL SERVICE

THE Northern Trust Company-Bank has this to offer in representing the interests of out-of-town banks and business men generally:

The services of a complete banking institution, embracing departments of Banking, Bonds, Trusts and Savings.

This bank preserves a real personal interest in the financial affairs of its customers, thereby rendering a more helpful service.

THE NORTHERN TRUST CO.-BANK

N. W. CORNER LA SALLE & MONROE STS.

Capital and Surplus $5,000,000

they are capable of may be inferred from the history of American industry.

MISSISSIPPI VALLEY TRUST COMPANY RE-ELECTS DIRECTORS

Nine members of the board of directors of the Mississippi Valley Trust Company, whose terms expired were reëlected for a term of three years, at the annual stockholders' meeting of the company, held February 2.

They are: Herbert D. Condie president, Condie-Bray Glass & Paint Company; J. D. Perry Francis of Francis Bro. & Co.; S. E. Hoffman; George A. Mahan, of Smith & Mahan, Hannibal, Mo.; William D. Orthwein; Samuel Plant, vice-president George P. Plant Milling Company; Charles E. Schaff, receiver M., K. & T. Railway; Bradford Shinkle, treasurer Johnson, Stephens & Shinkle Shoe Company and Charles Wiggins, co-trustee of the Liggett Estate.

More than twenty thousand shares of the company's total of thirty thousand were voted at the meeting.

The other members of the company's board whose terms are still running, are: William Bagnell, president Bagnell Timber Company; Eugene H. Benoist, Frank W. Edlin, secretary and manager; John Deere Plow Company; Breckinridge Jones, president; William G. Lackey, vice-president; Robert J. O'Reilly, M.D.; Fred C. Orthwein, vice-president Wm. D. Orthwein Grain Company; Henry W. Peters, vice-president International Shoe Company; Henry S. Priest, Boyle & Priest; J. Sheppard Smith, vice-president; R. H. Stockton, president Majestic Manufacturing Company; Frederick Vierling, vice-president and trust officer; Julius Walsh, chairman of the board of directors, and Louis Werner, president Louis Werner Stave Company.

CINCINNATI FOUNDATION ESTABLISHED

The directors of the Union Savings Bank and Trust Company of Cincinnati have established a community trust for charitable and welfare purposes which will be known as The Cincinnati Foundation. The charitable bequests under the will of the late J. G. Schmidlapp will be the first fund to constitute a part of the foundation.

The plan adopted is patterned after foun-

dations which have been established in a number of other cities, notably Cleveland, and which have been very successful in their operation.

The aims of the foundation as explained by President Charles A. Hinsch are to receive and safeguard donations under supervisions and regulations imposed by law; to employ the principal or income, or both, for educational or charitable purposes, in a broader and more useful manner in future years than is now possible to anticipate; to provide for the specific needs stipulated by the donor; to insure the perpetuity of principal, when that is desired; to guard against unwise use of income or property, and by the union of available funds to promote the civic, moral and mental welfare of the people in the widest, most economical and most efficient manner.

The members of the committee of administration are to be men and women interested in charitable work, possessing a knowledge of the civic, educational and moral needs of the community; no two members to be of the same religious sect or denomination. Persons holding or seeking political offices are also disqualified.

The committee will publish annual statements in detail of its receipts and disbursements, and power is given to the Attorney-General of the state or to the City Solicitor to inspect the records at all times and, if necessary, to institute appropriate judicial proceedings to restrict, correct or recover for maladministration.

TO DEVELOP FOREIGN MARKETS

W. E. Guerin has been appointed manager of the foreign department of the Guardian Savings and Trust Co., Cleveland, Ohio. Mr. Guerin is an executive who has had wide experience in law, industry and commerce. After practicing law for many years in the State of Ohio, he gave his services to the United States Government during the period of the war as manager of the investigating branch of the United States Shipping Board Emergency Fleet Corporation, and somewhat later became manager of the Division of Surveys and Statistics of the Housing Corporation.

After the armistice was signed Mr. Guerin went abroad for the purpose of gathering first-hand information from government officials, chambers of commerce, exporters and importers regarding trade conditions. His survey of commercial conditions in Europe took him to England, France, Belgium, Holland, Switzerland, Spain and northern Italy.

First 1st Chicago

Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over $380,000,000

United States Corporation Company

65 CEDAR STREET
NEW YORK CITY
ACTS AS
Transfer Agent and Registrar
FURNISHES
Principal Offices for Corporations in all States and the Canadian Provinces

Mr. Guerin's study of business conditions in the Balkan States covered Roumania, Southern Hungary, Czecho-Slovakia and the Kingdom of the Serbs, Croates and Slovenes. Mr. Guerin points out that in most of these countries all kinds of American



W. E. GUERIN
Manager Foreign Department, Guardian Savings and Trust Co., Cleveland

manufactured products and raw materials are greatly needed and desired.

One of the reasons for the phenomenal growth which the Guardian Bank has experienced during the past year is the fact that it is continually adding new facilities in order to keep up with the industrial and commercial growth prevailing throughout this section of the country. One of the new services which it is extending to its customers is financing the purchase of supplies and the movement of goods in world markets.

The Guardian Bank has recently lengthened its reach through stock ownership in the Mercantile Bank of the Americas and through a similar stock interest in the Asia Banking Corporation. The Mercantile Bank of the Americas does not accept domestic deposits, but through its affiliated banks in South and Central America can handle any foreign trade transactions. These Central and South American banks, in the practical operation of foreign trade, are virtually branches of the Guardian Bank.

The Asia Banking Corporation has branches in Peking, Hankow, Tientsin, Shanghai, Hongkong, and Manila, and will soon open branches in Canton, Changsha, Harbin and Vladivostok.

The Guardian Bank is in close touch with these affiliated institutions and through them is constantly gathering information regarding foreign trade conditions and opportunities in all countries and is holding itself in readiness to meet the demands of its customers for increased and improved banking facilities in foreign countries.

Mr. Guerin, as manager of the foreign department, will be constantly cultivating in behalf of the Guardian's customers trade relations with foreign countries.

P. D. ARMOUR ELECTED DIRECTOR OF PEOPLES TRUST AND SAVINGS BANK

At the annual stockholders' meeting of the Peoples Trust and Savings Bank, Chicago, W. Irving Osborne resigned as a director of the bank and P. D. Armour, vice-president and director of Armour & Company, was elected in his place. All the other directors were reëlected.

The Peoples Trust and Savings Bank has had a very successful year, earning 28.1 per cent. on its capital as against 21.2 per cent. in 1918 and 15.8 per cent. on its capital employed as against 12.4 per cent. in 1918.

The business of the bank increased largely during the year, the deposits increasing over 30 per cent. and $100,000 being added to the surplus. The bank opened the year 1920 with $14,198,929.42 total resources.

"Reasons Why" No. 7

The Chicago
"National City" Way

Your account with the National City Bank of Chicago should pay YOU a profit in both money and satisfaction.

We endeavor to handle the account of each correspondent bank in a manner which will meet its particular requirements.

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, President

BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, Vice-President
S. P. JOHNSON, Assistant Cashier
HENRY MEYER, Assistant Cashier
R. V. KELLEY, Assistant Cashier

GREAT LAKES TRUST COMPANY JOINS CHICAGO CLEARING HOUSE

The Great Lakes Trust Company of Chicago has been admitted to regular membership in the Chicago Clearing House Association and has been assigned number 37 as a clearing house number.

This is the latest addition to a banking association that began its history in April, 1865, with nineteen original members, three state banks, twelve national banks and four private banks. Of the nineteen but two, the First National and the Merchants Loan and Trust, survive.

The aggregate capital and surplus of original members of the clearing house was $736,000 and their combined resources $24,694,000. Clearings on the first day were $913,000.

Lyman J. Gage of the First National Bank, was the most active man in the organization of the clearing house association of which he was the first manager, the first chairman, and the first secretary, assuming a multitude of responsibilities in getting the new organization into operation. The first offices of the organization were in the Scammon building.

By 1873 there were twenty-seven member banks having an aggregate capital account of $11,793,000 and resources of $45,241,900. Today there are twenty-six regular members besides the Federal Reserve Bank and the subtreasury, the twenty-six having an aggregate capital of $87,600,000 and resources in excess of two billion dollars. Clearings now average more than one hundred million dollars daily, the average for the full year of 1919 having been in excess of $98,000,000. The highest record was $160,000,000 reported July 5 of last year.

A hasty search of clearing house records indicates that no bank ever joined the Chicago Association with an initial capital and surplus so large as the $3,600,000 shown by the Great Lakes Trust Company, all of the large loop institutions having joined in their earlier days when such a capital account would have seemed excessive. In 1910 the average capital of the regular members of the Clearing House was almost exactly, $3,000,000.

The Great Lakes Trust Company will take its Chicago Clearing House number as an A. B. A. number and will be designated 2-37.



There are two times when you need an account with the Commerce

1st: When you have surplus funds

2nd: When you haven't

When you have surplus funds, you need a safe place to deposit. Our invested capital for your protection is fourteen and one-half million dollars.

When you haven't surplus funds, you sometimes need a place to borrow. Our resources are over $95,000,000 —and making loans is part of our business.

The National Bank of Commerce

IN ST. LOUIS

SPRINGFIELD MARINE BANK BEGINS BUILDING OPERATIONS

Active work has begun on a handsome new building for the Springfield Marine Bank of Springfield, Ill. The proposed structure, which will be of the individual type, will be a notable addition to the many fine public and semi-public buildings of the city.

The interior will be in harmony with the distinctive character of the exterior. The public space will be commodious and the entire banking room will be scientifically arranged in order to expedite the routine business of this highly successful bank.

It is expected that the new quarters will provide ample accommodations for the steady, consistent growth of business of the Springfield Marine Bank, which has completely outgrown its present banking room.

The building will be constructed, decorated, furnished and equipped by Hoggson Brothers, builders, of Chicago and New York.

The Springfield Marine Bank is the oldest bank in the city, having been organized in 1851. Its present officers are: John W. Blunn, president; E. H. Helmle, vice-president; S. C. Dorwin, cashier; Charles J. Peterson, Jr., assistant cashier; Wm. E. Lehne, assistant cashier. Its capital is $300,000 and deposits approximating $5,000,000.

CHANGES IN THE CONTINENTAL AND COMMERCIAL BANK

Wilson W. Lampert has been elected vice-president of the Continental and Commercial National Bank, Chicago; Reuben G. Daniels has been elected cashier and W. H. Gilkes has been elected assistant cashier.

Mr. Lampert is a native of Chicago and became a messenger of the American Trust and Savings Bank in 1894 and was later elected assistant cashier. When that bank was taken over by the Continental National Bank in 1909 he became assistant cashier of the combined institutions and he retained that position when the Continental National and Commercial National Banks were merged in 1910. Mr. Lampert has been cashier of the Continental and Commercial National Bank since May 1, 1917.

Mr. Daniels entered the employ of the Continental National Bank in 1904 and served in various capacities until 1910, when he was appointed manager of the transit department. He held this position after

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FIRST NATIONAL BANK — in MINNEAPOLIS

Capital and Surplus Ten Million Dollars

the consolidation of the Commercial National and the Continental National. In January, 1918, he was elected assistant cashier, which office he has held up to the present time.

Mr. Gilkes entered the employ of the Continental National Bank of Chicago, when that institution took over the National Bank of North America. For the past three years he has been head of the discount department of the Continental and Commercial National Bank.

At a regular meeting of the board of directors of the Continental and Commercial Trust and Savings Bank held January 13, Walter F. Braun was elected vice-president. For the past six months Mr. Braun was manager of the sales in the bond department of the Continental and Commercial Trust and Savings Bank. He became a traveling salesman in the bond department of the bank about nine years ago.

ANOTHER CHICAGO SECURITIES COMPANY

The Fort Dearborn Securities Company of Chicago has been organized under the laws of the State of Illinois. All of the shares of the corporation are owned by the stockholders of the Fort Dearborn Trust and Savings Bank of Chicago. The new concern will underwrite and sell high-grade investment securities. Its officers are: President, William A. Tilden; vice-presidents, Stanley G. Miller and Averill Tilden, secretary and treasurer, John E. Shea.

CHANGES IN UNION TRUST COMPANY

Frederick A. Yard, has retired from the board of the Union Trust Company of Chicago, and has been succeeded by George J. Thorp, vice-president of the Illinois Steel Company. Mr. Yard still retains connection with the bank as vice-president and head of the bond department. C. P. Kenning, formerly an assistant cashier, has been added to the list of vice-presidents. R. F. Chapin, secretary, has been made vice-president and secretary. J. S. Gleason, an assistant cashier, has been appointed assistant to President Frederick H. Rawson. Raymond J. Darby formerly one of the assistant judges of the Probate Court, has been made trust officer.

THE FINAL STEP IN CHICAGO CONSOLIDATION

Edmund D. Hulbert, president of the Merchants Loan and Trust Company and the Illinois Trust and Savings Bank, has been elected president of the Corn Exchange National Bank of Chicago. This marks the final step in the consolidation of these three banks. Ernest A. Hamill, formerly president of the Corn Exchange Bank, has been made chairman of the board of directors. John J. Mitchell, formerly president of the Illinois Trust and Savings Bank, was recently made chairman of the board of directors of both the Illinois Trust and Savings Bank and the Merchants Loan and Trust Company.

These three banks have been consolidated as to management and ownership since October 1, 1919, and earnings are pooled for the benefit of the stockholders of all three banks. It is stated that the banks will continue to operate as separate institutions until the completion of a new building which will house all three banks.

James G. Wakefield, former cashier of the Corn Exchange National Bank, has been elected vice-president in place of D.

A. Moulton, who has resigned. Edward F. Schoeneck, formerly assistant cashier, has been made cashier and James S. Cook has been appointed assistant cashier.

CHANGES IN THE NATIONAL CITY BANK OF CHICAGO

C. H. Beaty, formerly national bank examiner for the Chicago district, has been elected cashier of The National City Bank of Chicago. W. G. McLaury, who was formerly cashier and vice-president, remains a vice-president.

Mr. Beaty is one of the youngest men ever chosen as cashier of a big Chicago



CLAUDE H. BEATY
Cashier National City Bank of Chicago

bank and brings to his work a viewpoint acquired through long experience in many parts of the country.

Mr. Beaty was born in Georgia; received his education at an eastern school and after taking a Civil Service examination, was appointed to a position in the office of the Comptroller of the Currency. From the Comptroller's office he went to Pittsburgh, as assistant to the National Bank Examiner. Mr. Beaty's experience has been gained in examining many country banks and also banks in Chicago, Detroit, Cleveland, Pittsburgh and Indianapolis, and it is believed he will be a decided acquisition to the banking fraternity of Chicago. He comes to The National City Bank direct from the office of the National Bank Examiner in the Seventh Federal Reserve District.

CHANGES IN THE NORTHERN TRUST COMPANY

The Northern Trust Company of Chicago has announced the election of Fred A. Cuscaden, formerly vice-president of the Merchants National Bank of Omaha, as a vice-president to be connected with the banking department.

Martin Lindsay, of the bond department has retired as vice-president to enter the new investment firm of Rutter, Lindsay & Company. Arthur Heurtley for twenty-eight years secretary of The Northern Trust Company, has retired because of ill health. Harold H. Rockwell, formerly assistant secretary, has been elected secretary. Thomas F. Ford and David Johnstone have been elected assistant cashiers and James A. Russell has been elected assistant secretary.

Albert W. Bullard, vice-president since 1917, died of pneumonia on January 22. Mr. Bullard was treasurer of the Investment Bankers' Association and well-known in banking circles in the Middle West.

CENTRAL MANUFACTURING DISTRICT BANK

The earnings for the year 1919 of the Central Manufacturing District Bank of Chicago were $118,534.43, which is equal to 30.6 per cent on the average capital stock as compared with $72,167.08 or 28.8 per cent earned in 1918, and 21.1 per cent on the combined average capital stock, surplus and undivided profits, as against 19.9 per cent earned last year. After providing for all reserves and Federal and local taxes of $44,012.00, which amounts to $8,192.00 more than last year, the net profits of the bank were $73,622.43. Regular dividends paid through the year amounted to $24,000.00, leaving a surplus after dividends of $49,622.43.

EDWIN BIRD WILSON, INC., IN CHICAGO

Edwin Bird Wilson, Incorporated, of New York, is now of Chicago, also. They have opened a temporary office at 81 East Madison Avenue, corner of Michigan Boulevard.

William Tate, who recently was in the United States military service, serving as a Captain in the Intelligence Department, is the manager of the new office. Mr. Tate is well known as an advertising agency man in New York and Philadelphia. Recently he has been the Philadelphia representative of Edwin Bird Wilson, Incorporated. To give better service to clients in the West is the reason assigned for their opening a new office, by Edwin Bird Wilson, Incorporated.

NEW APPOINTMENT BY THE NATIONAL BANK OF COMMERCE IN ST. LOUIS

A. L. Wiessenborn, formerly assistant cashier, has been elected vice-president by the board of directors of The National Bank of Commerce in St. Louis. All the other officers were re-elected for the year 1920 and the following new assistant cashiers were chosen from the force: F. A. Peterson, Ralph J. Kunz, Leo L. Kelly and Henry Reis.

Mr. Peterson, who has been with the bank for thirty-four years, was for twenty years head of the receiving tellers department. Mr. Kunz started in the bank twenty years ago as an office boy and has had an experience in every department. Mr. Kelly came to the bank in 1908 and has for some time been connected with the new business department. Mr. Reis has been connected with the transit department and has been with the bank for eighteen years.

CHANGES IN THE OFFICIAL STAFF OF THE FIRST NATIONAL BANK AND FIRST TRUST AND SAVINGS BANK, CHICAGO

At the annual meeting of the stockholders of the First National Bank of Chicago, the board of directors was increased from twenty-six to thirty members, the old board being re-elected and John H. Hardin, Clifford M. Leonard, James Norris and John P. Oleson being added. At the meeting of the board immediately following, more than the usual number of changes in the official staff were made.

C. V. Essroger was appointed vice-president in charge of Division A under the bank's classification of accounts according to their lines of business, with H. A. Anderson succeeding him as assistant cashier. In the foreign exchange department, C. P. Clifford, formerly manager, was made vice-president retaining his connection with the department. Harry Salinger was promoted from assistant manager to manager and W. G. Strand was appointed assistant manager. Edward E. Brown was made vice-president and general counsel and John N. Ott attorney for the bank. G. P. Allmendinger, O. C. Brodhay, H. R. Ross and Guy W. Cooke were appointed assistant cashiers. Robert F. Green, manager of the domestic exchange department, was made an official of the bank retaining his former position.

In the First Trust and Savings Bank, Arlan W. Converse was promoted from manager of the savings department to cashier, George R. Roehm, formerly assistant secretary succeeding to the office vacated by Mr. Converse. Edward Robyn, Roy Marquardt and T. S. McCarty were appointed assistant cashiers and William K. Harrison assistant secretary. S. J. Donaldson assistant manager of the real estate department was made an official retaining his present position. Edward E. Brown was appointed general counsel for the bank and John N. Ott attorney.

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CHANGES IN CLEVELAND BANK

Harry E. Hills, Charles W. Whitehair, and James Dunn, Jr., were made vice-presidents of The Union Commerce National Bank of Cleveland, at the annual meeting, January 13. There were no changes in the directorate of the institution.



HARRY E. HILLS
Vice-President Union Commerce National Bank, Cleveland, Ohio

Mr. Hills, who ranked for three years as an assistant cashier, joined The Union Commerce National Bank staff in 1900, as messenger, and since that time has served in practically every subordinate position in the institution. Promotion comes in recognition of long service and of demonstrated ability.

Mr. Whitehair, formerly war correspondent and active in war work, joined The Union Commerce organization a year ago. Mr. Dunn, already a vice-president of The Citizens Savings and Trust Company, has charge of the income tax department of the banks, which are affiliated under a joint ownership.

PEOPLES STATE BANK DOUBLES CAPITAL

The Peoples State Bank of Detroit is to double its capital stock by the sale of 25,000 additional shares pro rata to stockholders at $200 a share.

According to the plan $2,500,000 will be added to its capital and $2,500,000 to surplus and $500,000 additional will be provided for surplus by establishing the bank's building account at $1,750,000 to more nearly approach the actual cost, which amount however, is less than the assessed valuation.

This will give the bank a capital of $5,000,000, a surplus of $7,500,000, and undivided profits of $669,000 or a total capital fund of $13,169,000, the largest in Michigan.

CHANGES IN FIRST NATIONAL OF ST. LOUIS

Ernest G. Coffman has recently been elected assistant cashier of the First National Bank, St. Louis, Mo. Mr. Coffman was for eleven years connected with the Mechanics-American National Bank which consolidated with the St. Louis Union and Third National banks and was named First National on July 7, 1919. He was traveling representative for the Mechanics-American National Bank in the states of Akansas, Illinois and Missouri, and is well known throughout this territory. Mr. Coffman has been added to the supervision staff and his duties in this new capacity will keep him inside the bank.



E. G. COFFMAN
Assistant Cashier First National Bank, St. Louis

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By Samuel Sosland

An unprecedented demand for farm implements is the most gratifying phase of current business conditions in the Western states. At Kansas City, which claims leadership in the distribution of farm tools, the demand is so heavy that doubt is expressed as to the ability of manufacturers to fill the orders. Naturally, the farm implement demand is for corn tools and for other equipment of this class, with the outlook pointing to lessened buying of binders and other wheat machinery. This is due to the sharp decrease in the winter wheat acreage in Kansas, Nebraska and Oklahoma. In the Dakotas and in Montana it is expected that increased acreages will be sown to spring wheat.

While it is true that there is some dissatisfaction among farmers and stockmen over the relative position of the markets for many of their products as compared with manufactures, the enormous demand for implements leaves no ground for fears that seeding operations will be reduced. This trade means that farmers are planning to make their spring seeding activities on as large a scale as possible. While the area sown to winter wheat last fall was sharply reduced, it is improbable that much, if any, land which had been in pasture prior to the war call for more food will be seeded back to grass this year. More spring grains will be planted. The supply of farm labor is not adequate, with wages at the highest level in history. However, the farm labor situation shows improvement over a year ago, many workers who were in France at this time in 1919 being ready to take part in spring seeding operations.

Banks are already feeling the preparations for extensive spring planting operations on farms. Prices of some seeds are as much as 100 per cent higher than a year ago. Implements are mostly lower. Labor will cost more. It will be necessary to spend much more money on spring farm work than a year ago because a greater area of land must be planted. Kansas, for example, has 2,500,000 fewer acres in winter wheat than a year ago. Nebraska shows a reduction of 700,000 acres. Oklahoma has a reduction of about 900,000 acres in her winter wheat area. This means that these three states alone must purchase seed and pay for the labor and tools needed to sow an area this spring that is more than 4,000,000 acres larger than they seeded in the same season in 1919. Some Canadian seed wheat is being imported by the Dakotas. While there have been expressions of nervousness as to the spring wheat seed supply, it promises to be ample with early efforts to meet all requirements. That the spring agricultural demands will strain the resources of banks is highly probable in view of the fact that money is now tight. The Federal Reserve Bank of Kansas City has recently increased its reserves, but the peak of the country demand for funds in the spring promises to force the reserves of that institution down to the legal minimum.

Owing to the late seeding last fall, together with recent unfavorable weather, the condition of winter wheat is not encouraging. Some damage from Hessian fly is reported. There has been an absence of generally heavy snows this winter. However, with favorable weather in coming months, winter wheat may yet turn out a large crop.

Activity in planning summer grazing operations is being restricted in the cattle industry by the tightness of money. Grazers who move approximately 300,000 cattle into Kansas and Oklahoma each spring from the Southwest, notably Texas, have been cautioned by bankers not to make any commitments for steers until they have been assured all the credit they will require. This has put a damper on contracting of cattle on Texas ranges and probably will prevent advances in prices. Montana and Wyoming are still sending cattle into Kansas, Oklahoma, Texas and New Mexico, the winter shipments, which are very unusual, being the result of severe winter weather and lack of feed for the reduced supplies which the Northwest carried over last season.

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Some drouth cattle are also moving to Western Kansas and to Oklahoma from Canada, shipments having lately been made through Denver. Weakness continues in fat cattle markets, despite reduced supplies as compared with a year ago. However, the demand shows as sharp a reduction owing to the practical disappearance of heavy foreign buying of beef. Hog prices are as much as $3 higher than the low level of last fall, but the market is lower than a year ago. Depression in foreign exchange is holding bullishness over hogs in check. Lamb prices were never before so high at this season, with sales up to $21 in Kansas City. Colorado feeders of lambs are earning large profits. The state may close the lamb feeding season with a profit for feeders of around $5,000,000. Mules are booming, with teams bringing up to $1,000, this being due to eager buying by the cotton states of the South, which are preparing to plant more cotton and which have a strong purchasing power on account of the exceptional returns from that staple. While wintering conditions have not been favorable in portions of Montana, Wyoming and other northern areas, live stock has fared exceptionally well in Kansas, Oklahoma and New Mexico.

Next to grain and live stock activities, the Western states look now to the influence on their revenues from oil. This applies to Kansas, Oklahoma and Wyoming. Drilling operations have been stimulated and revenues from oil increased by an advance of seventy-five cents a barrel in the past two months on crude. Oil interests are heavy buyers of lumber, steel pipe and tanks and other products. Their purchases probably will increase next spring and summer, as more extensive drilling operations are planned. Confidence in higher prices on oil and its products persists in the face of restriction of credit and depression in foreign exchange, owing to the fact that production is behind consumption.

Cessation of activity in the demand for copper has affected mining activities in Montana and other states of the West. It is felt, however, that metals will enjoy a heavier demand this year.

The lumber industry is active. There is almost a frantic demand from buyers. Larger buying by railroads is anticipated. Weather has not been favorable for pro-

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OMAHA, NEBRASKA

Established 1866

Capital $1,000,000
Surplus (Earned) . . $1,000,000
Total Resources . . $43,000,000

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Ward M. Burgess . . . . . Vice-President
B. A. Wilcox . . . . . Vice-President
Frank Boyd . . . . . Vice-President
Ezra Millard . . . . . Cashier
O. T. Alvison . . . . . Assistant Cashier
J. A. Changstrom . . . . . Assistant Cashier
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duction in the yellow pine areas. Building operations are active, but these would be on a larger scale if materials and labor were not so expensive.

In cereal markets an easier tone has developed, with continued declines in foreign exchange rates adding to the bearishness of many dealers. It is felt, however, that Europe's needs are so large that exports of liberal proportions will continue. But the weakening purchasing power of Europe means that lower prices are probable unless production is unfortunately reduced. One of the odd movements in flour just now is the shipment of low grade to the Pacific Coast, where exporters are buying to fill orders from Asiatic countries. This is attributed to reduced yields in India and Australia. Sales of hay have been made in larger volume than ever before.

Shortage of cars is felt in every industry. Kansas has millions of bushels of wheat unsold on this account. Flour millers have been forced to suspend grinding in many instances in the face of liberal bookings because of inability to obtain cars. The movement of corn is seriously restricted. The return of railroads to private ownership is widely urged in the hope that different transportation conditions will follow.

Conservatism in general business is growing. Retail and wholesale trade is still active, however. The efforts of the Federal Reserve banks to reduce loans, including their advances in discount rates, are having a sobering effect. The Western states are giving more and more consideration to the meaning of depression in foreign exchange. Many advances in interest rates on loans to commercial and agricultural borrowers have been made lately. Real estate markets are still active, but the larger operators are slowing down.

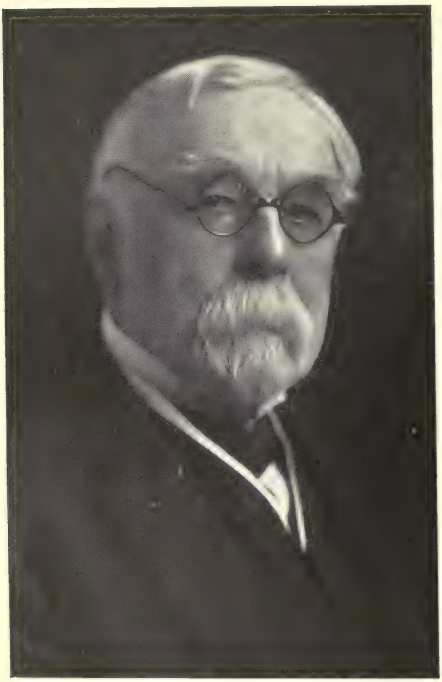
CHANGES IN OMAHA NATIONAL BANK

At a recent meeting of the directors of the Omaha National Bank, Joseph H. Millard was made chairman of the board and Walter W. Head was elected president.

Mr. Millard came to the bank as its cashier January 1, 1867. He has served the bank as its cashier and its president for 53 consecutive years. He was at one time Mayor of Omaha, director of the Union Pacific Railroad and United States Senator.

While in the Senate he was chosen Chairman of the Committee on Interoceanic Canals, and took a prominent part in determining the type of the Panama Canal construction. Mr. Millard is not retiring from the bank but will continue to devote a large part of his time to serving the institution so long identified with his name.

Mr. Head came to Omaha from Missouri several years ago to become vice-president of the Omaha National Bank. He is nationally known among bankers as president of the National Bank Section, member of the Executive Council and member of the Administrative Committee of the American Bankers' Association. He was also a delegate to the second Pan-American Financial Congress held in Washington last month. Mr. Head is also president of the Omaha Safe Deposit Company, vice-president of the Omaha Trust Company and director of the Omaha Chamber of Commerce. He is the youngest bank president in Omaha and president of the largest bank.



JOSEPH H. MILLARD
Chairman Board of Directors, Omaha National Bank, Omaha



WALTER W. HEAD
President Omaha National Bank, Omaha

FARMERS HAVE FAITH IN THE COUNTRY

In a memorial recently addressed to Congress, the farmers of the United States declare their faith in the Government of the country in strong terms.

The organizations subscribing to the memorial are the International Farm Congress, National Farmers' Congress, National Grange, American Farm Bureau Federation, National Farmers' Union, American Cotton Growers' Association and National Federation of Milk Producers. The memorial says:

The frequent assertion that the war has brought fundamental economic and industrial changes and that we are born into a new world is without foundation. The same social standards and economic laws will continue to prevail.

This is the best country the sun shines on. Its opportunities are boundless and are open to every citizen who cares to avail himself of them. Its Government is the best in the world. There is nothing fundamentally wrong with it, and a man who would injure or destroy it is unfit to live under the protection of its flag.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska.

LIKE the rest of the country generally, the Pacific Coast states probably passed the peak of their industrial, commercial and financial activities, as measured in dollars, in the later months of last year and they now share the general uncertainty and expectancy as to the future course of business, as governed by prices, foreign exchange, labor and crop conditions, money rates, political uncertainties and the rest of the factors controlling the general situation. But trade and industry remain active and current business statistics show the general prosperity to be well maintained.

Wholesale and retail trade everywhere remain active, collections are good and there is yet no abatement in the general demand for goods at high prices. Clearings are sustained at practically record volume. Real estate sales increase in number at still rising values in the chief centers. In San Francisco the weekly real estate record is close to that of the boom days of 1905 and 1906, just preceding the fire, and the building record, for both homes and business structures, expands each month with less consideration for high material and labor costs. Tourist travel was never in greater volume.

The lumber industry is everywhere active, with periodical increases in prices attending the general expansion of building activity, but shipments are restricted by car shortage. There is assurance of another season of high prices for all California fruits and a great increase in acreage planted is under way. A marked feature of the time is the recrudescence of silver mining in Nevada, where there is increasing activity, particularly in the reopening of old mines, prompted by the increase in the price of the metal.

But the outlook for the rest of the year depends on other than statistical factors and the prospects vary with districts and lines of activity. The most prominent unfavorable local factor in the seasonal outlook just now is the shortage of rain in all the Coast states. Owing to unfavorable weather mainly, Washington's planting of winter wheat is but 60 to 70 per cent of normal, while Oregon's percentage is about 90. Other crops will be affected, largely through shortage of water for irrigation.

The most serious results of a dry winter are threatened in California, unless there is very heavy rainfall before the end of the rainy season a few weeks off. The rainfall is but one-third to one-half the normal throughout the state and the previous two seasons were deficient. The livestock industry is affected through short pasturage and grain planting has been limited, but in view of the great development of irrigation in this state and the dependence on it of vast fruit and other crops, the prospective shortage of water next summer is the most serious feature. With a small deposit of snow in the mountains and low reservoirs, the prospect is that California will not this year repeat the remarkable record of horti-



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cultural and agricultural output of 1919. The prospective shortage of electric power is another very serious problem. The great corporations generating 500,000 electric horsepower from the mountain waters face a shortage of power supply that will be widely felt.

The banking situation in the seven Pacific Coast states, as far as it is indicated by the reports of the San Francisco Federal Reserve Bank, shows a small average decrease in the fluctuating volume of rediscounted bills secured by government war obligations, the total ranging around $50,000,000. Other rediscounts of member banks, amounting to $44,583,000 on February 6, show a considerable recent increase, and an increase of about $20,000000 in twelve months. Total rediscounts increased $11,000,000 in the latter period. Holdings of U. S. bonds by member banks are steadily decreasing. The showing thus indicates desired progress in the relative reduction of bank credit based on government debt, along with a substantial demand for banking accommodation.

Federal reserve notes in actual circulation were $223,578,000 on February 6, a decrease of about $5,500,000 in two weeks, but an increase of about $25,000,000 in twelve months. The bank's reserves are about $10,000,000 under the figures of a year ago, but have been increased by several millions during the two weeks previous to the February 6 report. The San Francisco Reserve Bank has joined heartily in the campaign to contract speculative bank credits and to reduce inflation, to which end its increase in discount rates, in common with the other district banks, will doubtless have considerable effect.

The demand for bank credit continues strong, with a tendency to stiffen rates exhibited quite recently by San Francisco banks, and probably in other Coast financial centers. The next report should be interesting as measuring the tendency toward contraction and the strengthening of the banking situation.

The Coast business centers, particularly in California, have become greatly expanded investment markets during and since war days, with the multiplication of bond houses dealing in legitimate investment securities, and much enlargement and branching out by older established institutions with headquarters in San Francisco, Los Angeles, Portland or Seattle. Pacific Coast municipal bonds are finding a greatly enlarged home market. Eastern and municipal corporation bonds and attractive preferred stocks meet with so favorable a market that leading bond houses are doing a very flourishing business and are extensively advertising their issues in the press. January saw some contraction in the bond market, with prospects that tax-exempt bonds would see an increased demand during February and March. Original purchases of California issues amounted to about $5,000,000 in January and twenty offerings are listed for February. San Francisco holds about $3,000,000 of unsold school bonds bearing too low a rate of interest to be marketed now at par and there are several millions of State highway 4's also thus barred from a needed market.

The California petroleum industry and all interests depending on it have long been anxiously awaiting the passage of the mineral land leasing bill, that will release to production and prospecting hundreds of thousands of acres of public lands in the State's oil producing regions that have been reserved and tied up for years, large areas being in proven territory. Current production, at the rate of a little over 100,000,000 barrels per year, is short of the increasing demand for fuel oil and refined products, stocks are steadily lowering and a serious shortage is in sight, particularly with the

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prospective shortage of water for electric power. The Standard Oil of California has announced restrictions on supplies and limitations on marketing contracts.

An interesting development of general interest and significance is the issue that has been raised between the Attorney General and the Associated Dairymen of California, Inc. The latter is a strong state-wide organization of dairymen and local dairymen's associations, created and headed by the well known banker, J. M. Henderson, president of the Fort Sutter National Bank and the Sacramento Bank, of Sacramento. Manufacturing, marketing and prices are efficiently regulated, to the advantage of the dairy industry, amid the hostility of various newspapers and grocers' and consumers' organizations, and now the Attorney General has brought suit alleging violation of the law requiring non-profit organizations of producers to operate without capital. The general issue involves the theory, justification and limitations of alleged "trusts," formed by producers, with the embattled farmers on one side of the controversy, and on both sides of which much is to be said. The variety of special orchard and field crops of large volume and value and distinct marketing problems in California make this a peculiarly favorable field for powerful and successful organizations of producers. There is now under way a movement for a federation of farmers' cooperative associations in numerous lines, doing an estimated annual business of $260,000,000, with the purpose of influencing legislation, cooperative buying of supplies, etc. This would provide further food for controversy.

The labor situation has become more settled in all the industrial centers of the Coast states, with the adjustment of some difficulties, the recent practical failure of important strikes, the wider ascendancy of the conservative leaders in the larger unions and trades councils, and the corresponding subsidence of the radical elements which were having things their own way in some trades last fall. The general strike in all the shipyards and related plants in the San Francisco bay region, based on a repudiation of the Macy scale of wages agreed to during the war, is still formally on, but the shipyards are now working about 18,000 men under their "American plan," involving the open shop and some organized participation of employes in regulating working conditions. Average efficiency per man has been

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We recently increased our capital to One Million Dollars and our surplus to $250,000.

Our increase in deposits during the last two years is nearly $4,000,000.00.

Banking institutions, corporations or individuals having business transactions in the Northwest, will find this bank equipped to render the most efficient service.

Scandinavian American Bank

Pacific Avenue at Eleventh Street, Tacoma

greatly increased and the shipyards are working at about 40 per cent of full capacity and steadily augmenting their forces. Open shop conditions largely prevail in the Los Angeles district and the Columbia River and Puget Sound yards are getting along in a fairly satisfactory way, though the employers at Seattle threaten the open shop on a minor issue. The Bolshevist theory and spirit was uppermost in the San Francisco stevedores' strike, which began four or five months ago, but fifteen hundred members abandoned the union, formed an independent union and returned to work, leaving the regulars boycotted by the employers, while commerce is now fully and peaceably cared for. The tailors' unions of the Coast states went out on absurdly radical demands a few months ago and now open shop prevails. The radical element was recently badly defeated in the annual election of the San Francisco labor council and elsewhere and altogether the labor situation is much more favorable from the standpoint of the issue of radicalism, the essential difficulties arising through high wages and shortage of labor.

SAMUEL M. JACKSON, PRESIDENT NATIONAL BANK OF TACOMA

Samuel M. Jackson, heretofore manager of the Tacoma branch of the Bank of California, has been elected president of the National Bank of Tacoma. Mr. Jackson is one of the well-known bankers of the United States, and the fact that he has made this change in his official banking relations may be taken as an indication of the institution of a more progressive policy on the part of the National Bank of Tacoma. He entered the employ of the London and San Francisco Bank in San Francisco in 1880, going to Tacoma in 1890 in the service of a branch of this bank, and becoming manager in 1896. This branch was bought by the Bank of California in 1905, Mr. Jackson continuing as manager until his recent resignation. He is prominently connected with Tacoma philanthropic and social organizations and was for three years a member of the executive council of the American Bankers Association.



S. M. JACKSON
President National Bank of Tacoma

Coincident with Mr. Jackson's election to the presidency of the National Bank of Tacoma, several changes were made in the directorate of that institution. It is ex-

W. J. WOLLMAN & CO.

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pected that in the near future plans for a new building will be announced.

CHANGES IN TACOMA BRANCH OF BANK OF CALIFORNIA

Following the recent resignation of S. M. Jackson as manager of the Tacoma branch of the Bank of California, some changes have taken place in that institution. George H. Raleigh succeeds Mr. Jackson as manager, while H. V. Alward becomes first assistant manager and Spencer Conrow and E. H. Robbins were appointed assistant managers.

Mr. Raleigh is a native of the Province of Ontario, Canada, but went to Tacoma



G. H. RALEIGH
Manager Tacoma Branch Bank of California

in 1891, where he entered school. Two years later his banking career began with the London and San Francisco Bank, the Tacoma branch of which was sold to the Bank of California, and with which institution

Better Business

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Your example and influence are needed.

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Plain Ends, per doz., $1.00
Rubber Ends, per doz., 1.20

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American Lead Pencil Company
214 Fifth Ave., Dept. B, New York
and London, England



Mr. Raleigh has been connected for twenty-seven years.

Mr. Alward, who has been identified with several banks in the Northwest, was cashier of the Fidelity Trust Company at the time of its absorption by the Bank of California, becoming then an assistant manager of the latter.

CHANGES IN SEATTLE NATIONAL BANK

The Seattle National Bank has announced the election of J. W. Spangler, as president; J. H. Newberger as vice-president; C. W. More as assistant cashier, and William Kahlke as manager of the foreign department. H. C. MacDonald, cashier, has been elected to the board of directors.

CONDITION OF SEATTLE BANKS

The following are the aggregate figures of the conditions of banks and trust companies of Seattle, Washington, under date of the official call of December 31, 1919. Capital stock paid in, $9,015,700.00; surplus and undivided profits, $4,710,174.19; deposits, $185,740,080.12; loans, discounts and overdrafts, $108,237,439.88; rediscounts and bills payable, $3,385,000.00; bonds, warrants, stock, etc., $47,790,056.71; real estate. furniture, fixtures, etc., $5,047,762.98; cash and exchange, $51,211,521.47; cash reserve, 27.57 per cent.

These figures were compiled by John E. Price & Company, dealers in Government, municipal and corporation bonds, Seattle, Washington.

THE BANK OF HAWAII, LTD.

The Bank of Hawaii, Ltd., showed total resources on December 31, 1919, of $12,893,421.79. At the same time deposits amounted to $10,720,384.98.

"CURRENT COMMERCE"

"Current Commerce" is the title of a new monthly trade letter which is to be issued by the Seattle National Bank, Seattle, Wash., beginning in January, 1920. The first letter describes the purpose and scope of "Current Commerce" as follows:

"The beginning of a new year—1920—finds us committed to a new enterprise, the presentation of an intimate survey of conditions in our field of action for the benefit of our friends.

"The kindly manner in which our Trade and Crop Report, issued heretofore, has



L. M. MacDONALD
Assistant to the President Bank of Italy, San Francisco



W. W. DOUGLAS
Assstant to the President Bank of Italy, San Francisco



J. C. LIPMAN
Assistant Secretary Bank of Italy, San Francisco

been received and the many favorable comments that have reached us concerning it were responsible in large measure for the new departure.

"In the monthly 'Letter,' of which this marks the initial number the scope of our observations will be limited to the Pacific Northwest, and it is our sincere desire to accomplish something of interest and value to bankers and business men over the three states of Oregon, Washington and Idaho."

INCOME TAX CHARTS

Bankers who are assisting their clients in figuring Income and Profits Taxes will find the Coffield and Herdrich Income and Profits Tax Charts and Formulas of considerable assistance.

These charts make it possible through the means of a formula to obtain in a short time the income and profits tax that must be paid on a given amount of income and capital invested.

The charts sell at $5 and are obtainable from Coffield and Herdrich, 856-857 Lemcke Annex, Indianapolis.

Canada

ECONOMIC CONDITIONS IN CANADA

By J. W. Tyson

THE exchange problem holds the centre of the business and financial stage. Bankers, manufacturers and the commercial community are following developments closely and the general public has become aroused to the situation by the heavy discount of the Canadian dollar in the United States. The great mass of the people have about the same understanding of underlying economic cause and effect as the fellow who broke his thermometer when the weather got too cold for him, but they look to the Government to exercise its all-powerful prerogatives—and as they are wielders of votes they cannot be ignored politically. It was only natural, therefore, that in the periodical conference between members of the Canadian Bankers Association and the Minister of Finance at Ottawa exchange should be one of the questions given consideration.

It is of course fully realized by Sir Henry Drayton and his cabinet associates that as exchange reflects a condition and does not cause it—as popular opinion is prone to accept—any solution of the problem must consider the factors at work; must look to the evening up of the balance of trade between the two countries by increasing exports, curtailing imports, or both. Under these circumstances the regulation of the importation of luxuries is being considered, but as to what the government may be willing or able to do in this direction is problematical.

Trade restrictions require delicate consideration. There are many complex factors. Anything in the nature of embargoes are not only subject to retaliatory measures on the part of the nation against whom they are employed but may unconstitutionally curb the rights of the individual. Early in the war Canada attempted to right the adverse balance of trade with the United States by the employment of embargoes. Frank Jones and his associates on the War Trade Board drew up a schedule which was to have the effect of reducing Canadian imports at the rate of $150,000,000 per annum on the basis of the current volume of trade. However, before the schedule got past the Department of Trade and Commerce and the Cabinet the proposed reduction was something more like $15,000,000. And that was under the War Measures Act. Similar restrictions to-day might be imposed with difficulty. There has recently been the example of the decision in the King's Bench Division of the British Courts where a manufacturer established his right to import certain chemicals despite a prohibitory order of the Government based on the Customs Consolidated Act of 1876.

EARNINGS OF THE BANKS

The turn of the year accompanied by its series of annual statements and annual meetings of the Canadian chartered banks gives an opportunity for a review of prevailing conditions. The various reports of earnings indicated prosperous operations in 1919, but the ratio of profits to total assets and to business transacted has been on a constantly decreasing scale. There has been a serious tone to the addresses of such financial authorities as Sir Herbert Holt, president of the Royal Bank; Sir Edmund Walker, president of the Canadian Bank of Commerce; C. A. Bogert, general manager of the Dominion Bank and president of the Canadian Bankers Association, and others. A warning has been given against extravagance and business has been advised to trim, sail and make things ship-shape to weather financial squalls. Withal, however, there has been an underlying expression of confidence in the ability of the country to pass successfully through a period of readjustment and enter upon an era of prosperity in the development of our natural resources and agricultural potentialities, if the people will but continue production in a normal way.

Bankers are giving their attention particularly to commercial loans. It is here, it is felt, that any crisis in a period of read-

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Contracts, Court Exhibits: Pages from Books

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These are characteristic reports:

(1) "The really efficient way, we believe, is by the Photostat — the Photographic Copying Machine."

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(3) "We have used the Photostat for Photographic copying for over two years—it is very simple to operate (an intelligent boy can learn in less than a half day) and the speed with which it works is remarkable."



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Societe Anonyme Alfred Herbert, Paris, France,
Societa Anonima Italiana Alfred Herbert, Milano, Italy,
Graham Brothers, Stockholm, Sweden.

justment will be experienced. Such has been the upheaval in all commodity markets that it is difficult to conservatively gauge the credit position of the manufacturer and importer. And then there has been a tendency on the part of many business men to speculate on materials and supplies. Just what might be the developments in the event of an unheaval is having the careful consideration of the banking fraternity. Customers generally are being asked to exercise care in their operations and to consider their business in relation to volume of turnover rather than values in dollars. The altered status of money under war conditions is a matter to which the attention of the general public has also been called by Sir Edmund Walker, who points out that we may easily obtain a too rosy opinion of national prosperity by comparing such statistics as bank clearings and building returns.

The effect of the last Victory Loan in enabling the Government to improve its financial relations with the banks is now being noted. The factor of so-called inflation resulting from financing under the War Measures Act has been considerably contracted. The Government bank statement issued in January showed a reduction of gross assets during the month of December of $134,000,000. This was the result of the taking up by the government of a large amount of short-term Treasury notes which had been used as security for bank loans. The banks in turn used this money to cut down their advances in "legals" from the Government. Even with this reduction in total assets, however, they were still $275,500,000 greater than at the opening of 1919.

The expansion of current credits by the banks continues. Increases of $17,700,000 in Canadian current and $19,650,000 in foreign current loans took place in December. The activity of the Canadian banks in foreign fields is further indicated by an increase in foreign current loans of $50,000,000 during the year while during the same period foreign deposits expanded by $68,500,000.

THE BANK OF NOVA SCOTIA

The Bank of Nova Scotia shows net profits for the year ending December 31, 1919, after providing for losses by bad debts of $1,925,478.39, to which must be added $749,695.51 carried forward from last year, making a total of $2,675,172.90 which was appropriated as follows:

Dividends for year at 16%	$1,381,333.35
War tax on circulation to December 31, 1919	89,666.67
Contribution to officers' pension fund	100,000.00
Written off bank premises account	200,000.00
Transferred to Reserve Fund.	200,000.00
Balance carried forward	704,172.88

The Bank Reserve Fund now consists of the following items:

Balance December 31, 1918	$12,000,000.00
Transferred from the Bank of Ottawa	5,800,000.00
Transferred from profit and loss	200,000.00
Balance forward December 31, 1919	18,000,000.00

On December 31, 1919, the bank had total assets of $238,278,722.06. The Bank of Nova Scotia has 307 branches throughout Canada, Newfoundland, Cuba, Jamaica, Porto Rico and in Boston, Chicago and New York. The New York Agency is at 52 Wall Street in charge of H. F. Patterson. F. W. Murray is assistant agent. W. H. Davies is manager of the Chicago branch at 105 West Monroe street, and W. Caldwell is manager of the Boston branch in the Sears building.

THE DOMINION BANK OF CANADA

Following is a condensed statement of the condition of the Dominion Bank as of December 31, 1919:

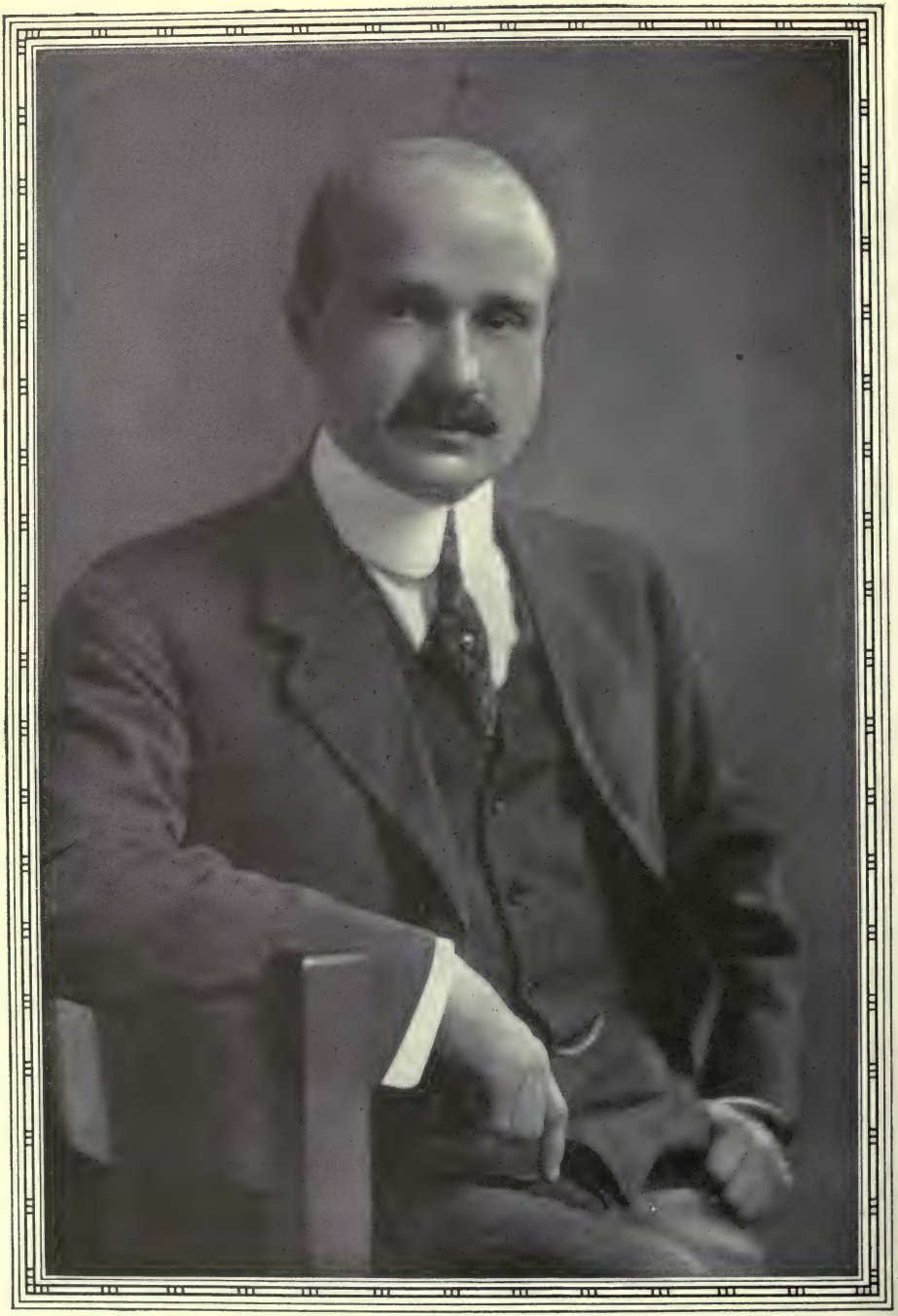
ASSETS

Cash on hand	$17,824,568.69
Deposit with Central Gold Reserves	4,100,000.00
Due by other banks	9,978,570.91
Government securities	21,137,764.00
Other investments	2,982,957.45
Call and Short Loans	14,051,518.50
TOTAL QUICK ASSETS	$70,075,379.55
Commercial loans	66,521,304.15
Bank premises	5,407,180.30
Sundry assets	1,501,055.82
	$143,504,919.82

LIABILITIES

Deposits by the public	$111,414,057.55
Due to other banks	1,852,867.38
Due to Dominion Government	5,000,000.00
Notes in circulation	9,525,809.00
Sundry liabilities	1,972,389.84
TOTAL PUBLIC LIABILITIES	$129,765,123.77
Capital	6,000,000.00
Reserve Fund and Undivided Profits	7,739,796.05
	$143,504,919.82

This bank has branches and correspondents throughout Canada, and an agency in New York in charge of C. S. Howard at 51 Broadway. The London branch is in charge of S. L. Jones, 73 Cornhill, E. C. 3,



HENRY H. COLLINS, JR.
President, The Collins Service, Philadelphia, Pa.

Applying Scientific Methods to Banking Publicity

Ability in banking publicity is not necessarily a part of the equipment of the successful banker. Perhaps the qualities which make for success in his profession are precisely those which disqualify him from directing his own promotive work. There is a growing feeling that the bank's publicity efforts should be left to advertising specialists whose experience in banking problems, added to their training in scientific advertising methods, enables them not only to originate and prepare effective advertising material, but to solve any problem that may arise in connection with the day's work when it touches the promotive angle.

This is the kind of assistance the organization described below is giving its clients in every part of the country. It has been so successful in building business, moulding character and developing prosperity by its methods of educating bankers and bank depositors that its work should interest every intelligent banker.

So much has been heard of its activities of late that the author of the following article recently went to Philadelphia for the purpose of inspecting at first hand the work of this organization.—*Editor Bankers Magazine.*

FOR some time I have noticed that most of the original and valuable bits of general educational material issued by the banks of the country, telling letters to prospective clients, and striking examples of bank advertising in our newspapers, usually emanate from Philadelphia.

This has interested me greatly. Whenever I see an unusually good piece of publicity I like to trace it to its source. It's partly because of my interest in banks and banking and partly because it's my business to know about such things. Otherwise I might never have learned of the broad scope of service rendered by the organization of advertising specialists known as The Collins Service, which in a quiet way is doing a big piece of work nation-wide in scope and of great benefit to several thousand financial institutions. Some of these pieces of effective publicity have interested me so much that I decided to run down to Philadelphia and meet the men in whose minds they originate.

Henry H. Collins, Jr., the president, and A. M. Collins, the vice-president of the organization, are among Philadelphia's foremost business men, progressive employers and leading citizens. Both are widely known and as widely respected. With them they have associated J. T. Fenner as secretary and treasurer of the organization. Mr. Fenner has already made his mark in the advertising field and is in full sympathy with the ideals of this unique organization.

Henry H. Collins, Jr., has for many years been deeply interested in the idea of building character and developing prosperity by educating bankers and bank depositors, which is the basal work of The Collins Service. His success in this field and his deep interest and unusual activity in the field of industrial relations has led to the rumor that he is already projecting the extension of the service of the Collins organization along industrial lines. With the present unrest among the workers and blindness or indifference to scientific procedure in meeting industrial problems on the part of some employers, there would appear to be a place for such service.

A. M. Collins is closely associated with his brother in the direction of the company, but has managed to find time for considerable activity in other fields. He has an established reputation as a traveler and explorer in all parts of the world. He served as a Major of the A. E. F. and is prominent in the work of community betterment in the suburbs of Philadelphia and in the development of the American Legion.

Of Charles H. Norton, the general manager, I shall have something to say



ALFRED M. COLLINS
Vice-President, The Collins Service, Philadelphia, Pa.

later. He is an exceedingly busy man with little time for personalities. So as soon as we had shaken hands and I had stated my business I went straight to the point. "I wish you would tell me, Mr. Norton," I said, "just what you do and how you do it."

"I think perhaps the best thing for me to do," he replied, "is to give you the gist of our work in a few words and turn you loose in the organization to piece the thing together for yourself."

That was precisely what I wanted to do, and I proceeded to put myself in a receptive mood.

"It's our business," began Mr. Nor-

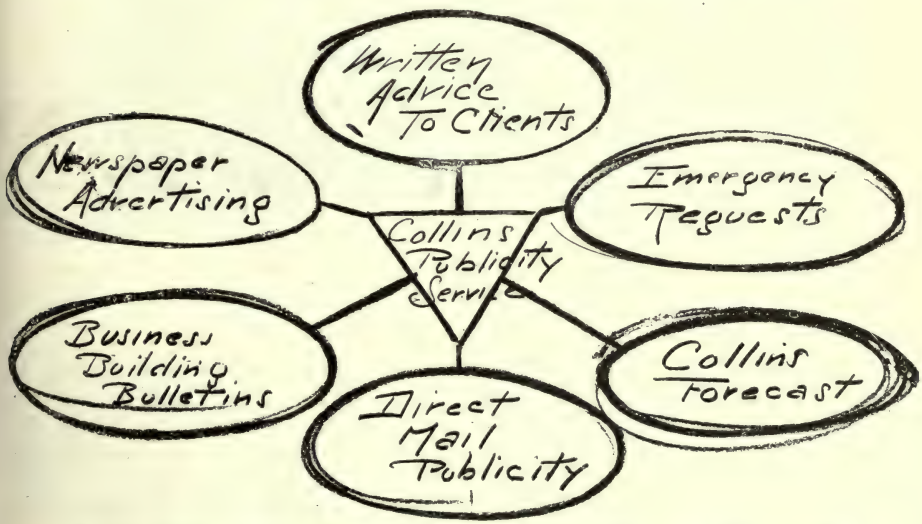
ton, "first of all to educate the bank's depositors to increase their deposits and to make the fullest use of the bank's facilities. At the same time we urge on prospective depositors the desirability of opening an account. Then we parallel that service by showing the bank how to meet and handle the new business when it comes. There's not much point in asking people to bring their financial affairs to the bank without preparing for their reception. There are still plenty of people who have stage fright when they enter a bank. They feel that they are at a disadvantage. They're self-conscious and reserved, and all this more or less unconscious resistance on their part is sometimes accentuated by the bank's employees.

"Some banking employees, like librarians and information clerks, tend to assume, unconsciously, the attitude of watch-dogs rather than of service agents. They sometimes appear to be reluctant to divulge what they know, to meet inquiries half way and to encourage co-operation. If salesmen assumed this attitude they would never make any sales. Many bank employees need to be educated to a new point of view, the viewpoint of service and co-operation—in a word, the sales viewpoint. This we try to give them, and invariably we are successful. Our service is many-sided in its nature. We place no particular emphasis on any one angle of it. They are all equally important. Let me show it to you in a diagram."

He seized a pencil and rapidly sketched the diagram which I am reproducing here.

"There's the whole story in a nutshell," he said. "Each line of work is equally important. You can't put the soft pedal on one without spoiling the harmony. Experience has shown us that the whole thing hangs together. We furnish publicity in its widest sense. It is intelligent and it is invariably effective. In a sense it is more than publicity. We furnish a *service,* a highly specialized, carefully-thought-out service that no banker can get for himself without years of education, and at an almost prohibitive expense. We offer bankers our experience and our co-operation for a comparatively insignificant amount, and we assure them better results than they could ever get themselves.

"Few banks will have occasion to cover more than the names in their immediate locality. That means a comparatively small list, and it brings the cost of manufacturing especially pre-



The service given to clients by the Collins organization is many-sided. Each element is equally essential to the cumulative effect



J. T. FENNER
Secretary and Treasurer, The Collins Service, Philadelphia, Pa.

pared publicity material of even a poor grade up to a pretty high figure for each piece. Everyone knows that such work is costly. The only way to beat the game is through large press runs. Our runs on every piece of material that we put out reach into the millions and the material itself in thought, workmanship and quality is far superior to anything that could be produced locally. On the whole the banker who tries to work alone in his business extension operations is attempting something that he can not do effectively and profitably.

"We, of course, never accept more



Each employee of a financial institution should be a salesman of that institution's service
The Collins Staff co-operates in making such salesmanship of maximum value to the bank

than a single client in any particular banking community. Such printed material as we furnish our clients is constantly changing. It is so arranged that it bears the stamp of the bank's individuality. There is nothing about it that makes it appear to be syndicated material. There is practically no possibility that any prospect will receive similar material from a competing bank. To all intents and purposes our output is quite as individualized as the banker could put out for himself, and as comparative experience demonstrates, far more effective. It represents the fruits of many years of activity in a single field. It is a product of higher paid specialists than the banker himself could profitably employ. It hits the mark, the results are assured, and the aggregate cost is far less than even the smallest bank could reasonably expect to invest in a productive advertising campaign. Then, too, it requires a minimum amount of time and thought on the part of the bank employees. It gives them an opportunity to attend to their own knitting and concentrate on the job for which they are best qualified.

"Almost every business concern has someone in its employ who is confident that he can do cleverer and more effective advertising than the most experienced advertising man who was ever born. It's also true that among those around the stove of every grocery store there is some individual who is sure that he could run the country better than the best President we have ever had. I suppose all of us, at times, feel that if we were in the other fellow's place we could do a better job than he appears to be doing himself. The thing we all overlook is that there's such a thing as technique, the right and wrong way of doing things, the details



CHARLES H. NORTON
General Manager, The Collins Service, Philadelphia, Pa.

of method and theory, which don't show on the surface and which only come by experience and concentrated thought and effort along a given line. The amateur spirit is a fine thing in some ways. I like its enthusiasm and confidence, but when it is applied to a professional man's job, it simply isn't practical and it's horribly expensive. Only by trying and failing again and again does the amateur learn what to do or how to do it. This is the day of specialists. The wise banker will place his publicity work in the hands of a publicity organization just as he asks his clients to place their financial affairs in his specialized hands.

"Now, let's come back to our diagram. I'll tell you as briefly as possible just what we do and how we do it and what we accomplish along each of the six lines of our service. Then you can go and see for yourself how we do it. After that, if you'll come back again, I'll try to sum the thing up very briefly. By that time you ought to know what The Collins Service is, what it can do and what it is doing for thousands of bankers in all parts of this broad land.

WRITTEN ADVICE TO CLIENTS

"When a banker subscribes to The Collins Service he automatically adds to his staff—but not to his payroll—a force of publicity specialists whose combined experience covers every angle of the problem of building business for the banks.

"The Collins Service differs from that of some of its competitors in that it does not consist exclusively of furnishing printed matter to its clients. That is only a small part of our service. Perhaps our chief work is applying our specialists' knowledge to our clients' problems, or, as we put it, 'furnishing written advice to clients.'

"Our staff of publicity experts is ready to handle every request that it receives for suggestions of ways and means of increasing the effectiveness

and efficiency of the client's business extension plans. As I told you at the outset, after we have stirred up interest outside of the bank and have established a point of contact, we expect to put in some good licks on the other side of the grating so that the bank shall not fail to coördinate with our efforts. In other words, we show the bank how to handle the new business that we expect to bring to it, how to coöperate and capitalize the spirit of good-will which we have created toward it in the community. We expect to increase its efficiency on the inside and its standing on the outside.

"There's a great deal to be done as well in coördinating the work of the various departments. Among our most common suggestions are the following: Improve the organization's efficiency; gain the directors' coöperation; interest the stockholders; inspire the employees to greater and more intelligent effort.

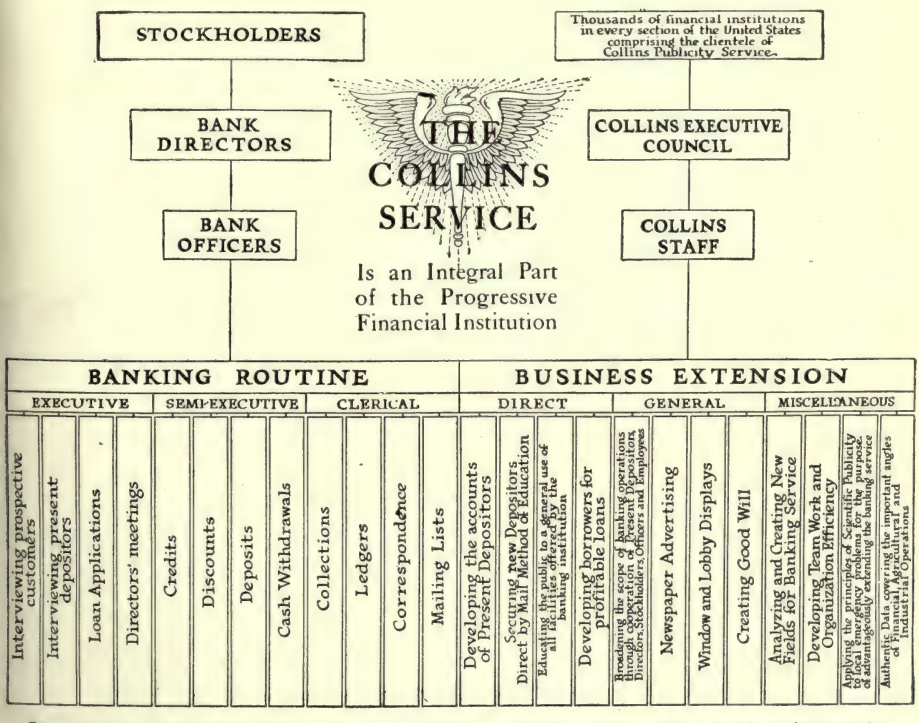
"The requests that we receive for our specialists' suggestions are many. Here, for instance, we have a request for advice and counsel with a view to stimulating coöperation among the stockholders as a help to boosting dividends. Our reply contains a complete programme of procedure covering every detail.

"This is a request for advice and counsel regarding newspaper advertising, and our lengthy and detailed reply.

"And so it goes. We have yet to receive a request that stumps us. Our specialists can handle them, whatever their nature and however unusual they may be. You'd be amused to know how many speeches we've written for inarticulate bank officials, covering all sorts of subjects from an address to the graduating class to a Fourth of July oration. We have our own orators here as well as our own artists and jokesmiths.

EMERGENCY AND LOCAL SERVICE

"Then we have our Emergency and Local Service. Here is a line of activ-



Some bankers classify their business extension activities adequately organized for business growth, a Their relative importance and how they may be clearly set forth in the above chart



The well-earned reputation of The Collins Service for developing unusual ideas is exemplified in this poster, which everyone will recognize as the successor to the famous "Sure We'll Finish the Job," the most popular of all the Liberty Loan posters

ity of which nearly every one of our clients makes wide and increasing use. By it we overcome the limitations of many of the smaller organizations and strengthen the hands of even the largest and most efficient banks. Every day occasions arise which furnish excellent opportunities for a special letter from the bank to its clients. Such letters may contain helpful advice and suggestions covering a particular range of banking subjects, or they may be general letters of an educational-promotive character. The topics and situations are as varied as the requirements of each individual financial institution. In every case we adapt ourselves to the local outlook and to the peculiar circumstances in each case. Just look at this collection of letters which one of

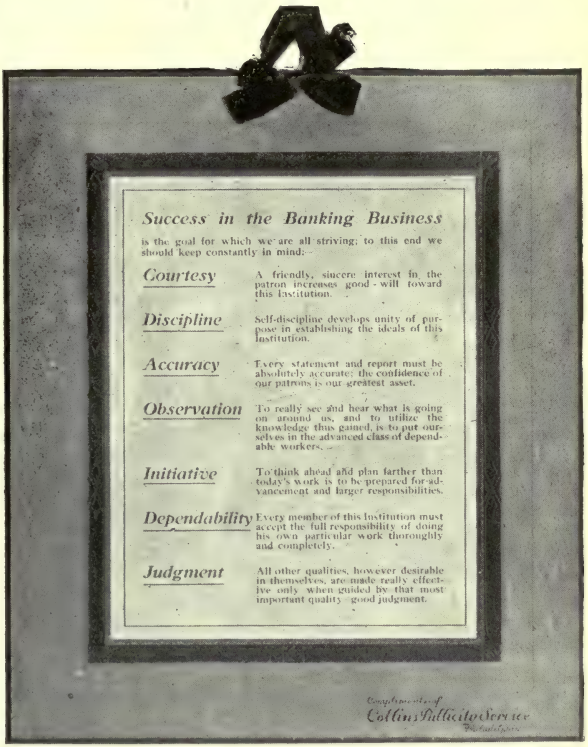
our clients has had occasion to use within the last few months.

"I haven't the time to go into all these letters, but here's a letter to stockholders reminding them of their personal influence in advancing the bank's welfare. This is a dividend check letter to stockholders. This one solicits banking by mail and is designed perhaps to overcome the handicap of an inconvenient location or to reach patrons who have moved out of town. This is a covering letter for the monthly financial statement. This letter solicits attorney's trust business. This is a follow-up and here's another. This is an important letter on borrowing. No borrower ought to enter a bank as he might enter a pawnshop. This letter opens the way and makes the approach to the negotiation of a loan both easy and dignified. Here's a news article on banking service in its broadest application. The average local editor will be glad to get it and will publish it without cost to our client. This letter announces the formation of the new insurance department.

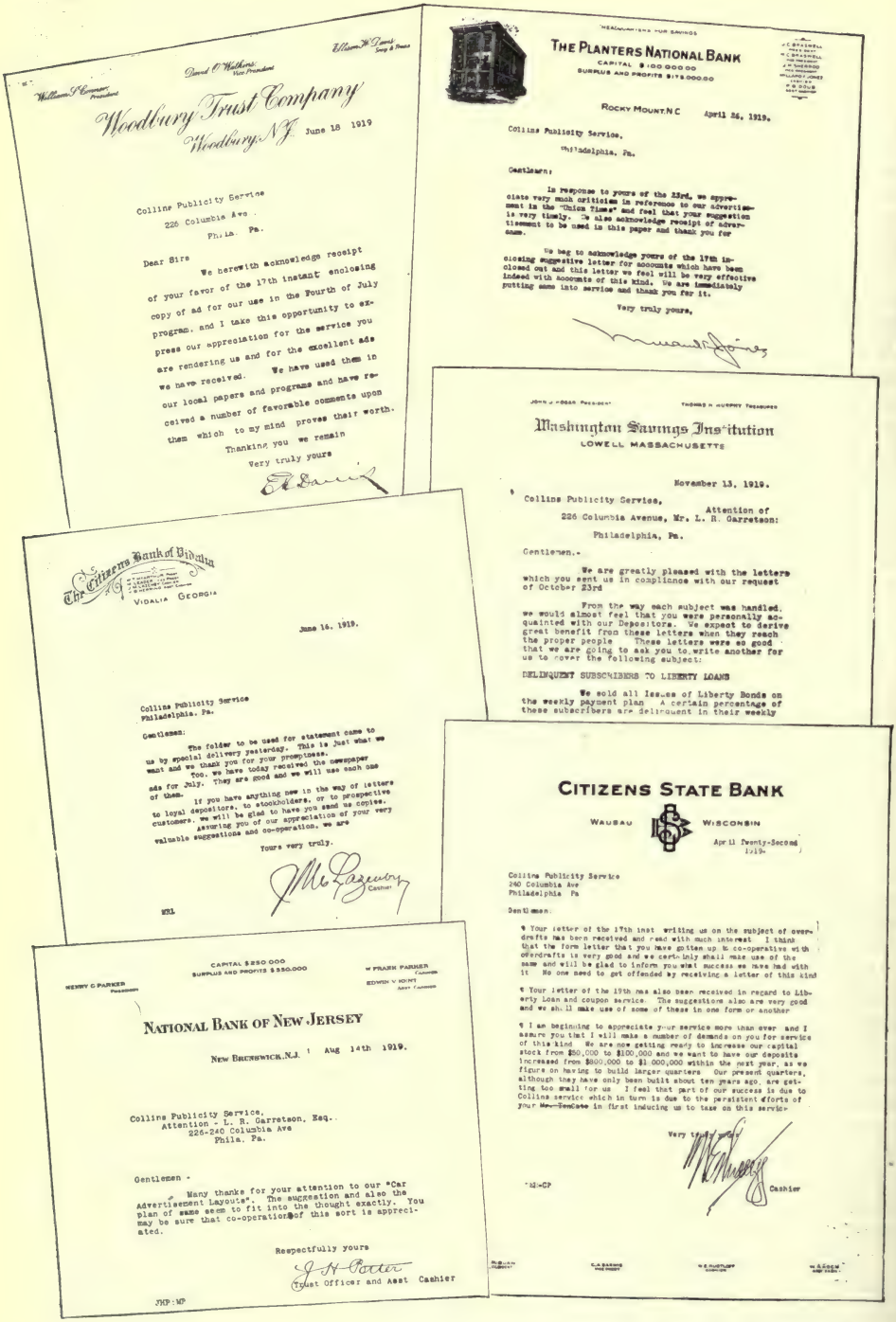
"Now look at these specific requests and their answers. Here's a letter from a bank that is about to open a new bond department, asking us what we would suggest in the way of publicity. Here follows our complete plan of campaign, with letters and general advertising material.

"It may seem to you that some of the things we do under the head of Emergency Service are far removed from anything we could call publicity. At first many of our new clients are sure that they are more capable of handling and solving their unusual emergency problems than we can possibly be. The situation may seem to them to be so unusual that it could never have happened before and can never happen again.

"You remember the story about the bull that tried to stop the onrushing train. He had supreme confidence in his ability to do the trick, but he lacked the knowledge and experience to estimate the force of what he was up against. In his case his first experience was his last, and sometimes it is so with the banker who attempts to wrestle with an unusual situation. If he survives he will send his future troubles to us. In ninety-nine cases out of a hundred we not only give him the proper solution of his problem, but we forecast correctly the results of its application. Nor do we pretend to be wizards—it is simply a matter of experience.



The ideals of a banking institution should be clearly set forth not only for the guidance of the employees, but for the information of those who use the bank's facilities



Woodbury Trust Company
Woodbury, N.J. June 18 1919

Collins Publicity Service
226 Columbia Ave
Phila. Pa.

Dear Sirs

We herewith acknowledge receipt of your favor of the 17th instant enclosing copy of ad for our use in the Fourth of July program, and I take this opportunity to express our appreciation for the service you are rendering us and for the excellent ads we have received. We have used them in our local papers and programs and have received a number of favorable comments upon them which to my mind proves their worth.

Thanking you we remain

Very truly yours

THE PLANTERS NATIONAL BANK
CAPITAL $100,000.00
SURPLUS AND PROFITS $175,000.00

ROCKY MOUNT, N.C April 26, 1919.

Collins Publicity Service,
Philadelphia, Pa.

Gentlemen:

In response to yours of the 23rd, we appreciate very much criticism in reference to our advertisement in the "Union Times" and feel that your suggestion is very timely. We also acknowledge receipt of advertisement to be used in this paper and thank you for same.

We beg to acknowledge yours of the 17th inclosing suggestive letter for accounts which have been closed out and this letter we feel will be very effective indeed with Accounts of this kind. We are immediately putting same into service and thank you for it.

Very truly yours,

Washington Savings Institution
LOWELL MASSACHUSETTS

November 13, 1919.

Collins Publicity Service,
226 Columbia Avenue, Mr. L. R. Garretson:
Philadelphia, Pa.

Gentlemen.-

We are greatly pleased with the letters which you sent us in compliance with our request of October 23rd

From the way each subject was handled, we would almost feel that you were personally acquainted with our Depositors. We expect to derive great benefit from these letters when they reach the proper people These letters were so good that we are going to ask you to write another for us to cover the following subject:

DELINQUENT SUBSCRIBERS TO LIBERTY LOANS

We sold all issues of Liberty Bonds on the weekly payment plan A certain percentage of these subscribers are delinquent in their weekly

The Citizens Bank of Vidalia
VIDALIA GEORGIA

June 16, 1919.

Collins Publicity Service
Philadelphia, Pa.

Gentlemen:

The folder to be used for statement came to us by special delivery yesterday. This is just what we want and we thank you for your promptness.

Too, we have today received the newspaper ads for July. They are good and we will use each one of them.

If you have anything new in the way of letters to loyal depositors, or to stockholders, or to prospective customers, we will be glad to have you send us copies, assuring you of our appreciation of your very valuable suggestions and co-operation. We are

Yours very truly.

Cashier

MKL

CITIZENS STATE BANK
WAUSAU WISCONSIN

April Twenty-Second 1919.

Collins Publicity Service
240 Columbia Ave
Philadelphia Pa

Gentlemen:

¶ Your letter of the 17th inst writing us on the subject of overdrafts has been received and read with much interest I think that the form letter that you have gotten up to co-operative with overdrafts is very good and we certainly shall make use of the same and will be glad to inform you what success we have had with it No one need to get offended by receiving a letter of this kind

¶ Your letter of the 19th has also been received in regard to Liberty Loan and coupon service. The suggestions also are very good and we shall make use of some of these in one form or another

¶ I am beginning to appreciate your service more than ever and I assure you that I will make a number of demands on you for service of this kind We are now getting ready to increase our capital stock from $50,000 to $100,000 and we want to have our deposits increased from $800,000 to $1,000,000 within the next year, as we figure on having to build larger quarters Our present quarters, although they have only been built about ten years ago, are getting too small for us I feel that part of our success is due to Collins service which in turn is due to the persistent efforts of your Mr. Sinclair in first inducing us to take on this service

Very truly yours

Cashier

MM-CP

HENRY C PARKER
President

CAPITAL $250,000
SURPLUS AND PROFITS $250,000

W FRANK PARKER
EDWIN V KOHT
Asst Cashiers

NATIONAL BANK OF NEW JERSEY

NEW BRUNSWICK, N.J. Aug 14th 1919.

Collins Publicity Service,
Attention - L. R. Garretson, Esq.
226-240 Columbia Ave
Phila. Pa.

Gentlemen -

Many thanks for your attention to our "Car Advertisement Layouts". The suggestion and also the plan of same seem to fit into the thought exactly. You may be sure that co-operation of this sort is appreciated.

Respectfully yours

Trust Officer and Asst Cashier

JMP:MP

Appreciation of one's efforts is always an incentive to greater achievement. Every day come letters of commendation that convince the Collins Staff that they are rendering a real service in the right way



This building covers an entire city square, and is used exclusively in developing Collins products. Here they are not only originated and completed, but the form in which they are expressed is produced, from the coating of the paper stock, through the printing and embossing to the finished article, with a perfection that has made Collins' publications standard in their field

NEWSPAPER ADVERTISEMENTS

"Another branch of our service is the preparation of newspaper advertisements on both general and special banking subjects. Of course, advertising of this sort has to be more or less indirect with a general appeal. We supply our clients with advertising copy on any branch of their work designed for use in the regular newspapers, local programmes or in any other medium for the printed word. We prepare each month a wide assortment of advertisements treating every branch of banking business for the state banks, national banks, building and loan associations, trust companies, savings banks, investment service and banking by mail. We can supply educational material on the use of certificates of deposit, of safe-deposit boxes, or of a checking service. We educate the community to turn to the banker on all matters that come within his scope. The average layman doesn't begin to realize the extent and the value of the various functions of the bank. Our constructive business building and promotive propaganda along these lines is invariably productive.

"We believe in indirect advertising as represented by news articles, especially with the smaller newspapers. We can furnish news stories of such high character and of such universal interest that the average editor will open his columns to them without charge. What's more, he is glad to get them.

"We don't urge our clients to accept something for nothing, however, and it's the custom to supplement this free news material with advertisements in the columns of the paper. It is all in line with the general spirit of coöperation that characterizes our service. The bank must coöperate with local interests, and it can find no better starting point than with its newspapers. The

America's Prosperous Farmers

Are shrewd business men who recognize the need of sound business methods on the farm.

The checking account—long in favor in the business world—is growing in popularity with farmers.

Our officers will be glad to discuss the many reasons why you can benefit through this safe, convenient and efficient way of making payment.

The Citizens Ba

The Other Fellow's Opinion

One cannot live unto oneself alone. Our lives must touch and influence the lives of others.

The opinion formed by fellowmen through such contact can measurably aid or retard progress.

To carry a Checking Account in a responsible bank like this, is to command and engender confidence, because of the business acumen and discretion thus reflected.

Checking Accounts Invited.

The Commercial Natic

The Typical American

instantly favors any procedure which saves time.

For time means money, and money spells opportunity.

That is why the banking-by-mail facilities of this institution are daily being more extensively utilized and appreciated by progressive citizens.

Let our officer tell you how this system "brings our bank to your door."

Miners Savings Bank

"Between Friends"

Not infrequently in financial transactions between friends, there is a tinge of embarrassment in requesting a receipt for money paid.

When obligations are met by check, such feeling need not enter.

Absolutely no receipt is necessary — the canceled check in itself is indisputable evidence of payment.

Learn from our officers other helpful features of the pay-by-check policy.

Efficient Spending

To live, one must spend.

How important it is, therefore, that spending be carefully regulated and systemized.

A Checking Account furnishes an ideal means of knowing just where and how the dollars go; it obviates the necessity for carrying large sums of money; and curbs the natural tendency toward thoughtless expenditure.

Our Officers welcome consultation.

he National Bank of Whitehal

WOODARD, President R. G HAYS, Ca

CONFIDENCE

laid the foundation for the banking-by-mail service the Farmers National Bank has built up.

The confidence of our depositors in the reliability of the United States mails—and in the responsibility of this institution.

Investigate and utilize this banking convenience—give us an opportunity to prove our worthiness of the trust reposed in u

Farmers

INTESTATE LAWS



When a man dies without making a will his property is distributed according to the Intestate Laws—and quite often the distribution is far from what he would have had it.

The certain method of providing for the future welfare of dependents is to have your will drawn up at once, naming the Union Trust Company as executor to insure its exact carrying out in conformity with your wishes.

Our Officers invite consultation on this important matter.

UNION TRUST COMPANY

Usefulness

This is the epoch of usefulness.

We are judged by what we are relatively to one another.

Willingness to help others is frequently nullified by feebleness of purpose.

An accumulating savings account no matter how small the deposits, is material evidence of decision made and kept

The accompanying sense of security opens the broadest field of usefulness.

Your account book is here ready for the entry of your initial deposit.

MONROE BANK
Woodsfield, Ohio

MEN OF MODERATE MEANS

and women, too, need checking accounts quite as much—perhaps even more—than do those of larger interests.

They cannot afford to run the risk incurred through keeping money in a pocketbook or safe—or to pay a bill twice, for want of a receipt.

A checking account here guarantees protection for funds—and furnishes a valid receipt for every disbursement.

MINERS SAVINGS BANK AND TRUST CO.

Butte, Montana.

The preparation of newspaper advertisements is one of the many services which the Collins Organization gives to its clients. The values that lie in the effective use of newspaper space are shown in some of these advertisements picked at random from newspapers patronized by Collins' clients

best coöperation, too, is not entirely a matter of dollars and cents. It is getting together in spirit, in aims and in ideals as well.

"BUSINESS BUILDING BULLETIN"

"In addition to this special service we have two monthly publications of real interest and value to the bank employees and officials. They are our 'Business Building Bulletin' and the 'Collins Forecast.'

"Here's a copy of the 'Business Building Bulletin.'" He showed me a four-page magazine, addressed to the clients of the service. "We issue one of these each month. Every one contains a clear-cut suggestion that makes for more and better satisfied clients. Take this latest issue, for instance. Here on the first page is a plan for the extension of banking service among wage-earners.

"Now here, on page two, we find the methods set forth in detail. All of them involve coöperation with local industries, whether they be depositors in the bank or not. All this is in line with the new idea of greater coöperation with the community in which the institution is located. Every bank ought to be something more than a place at which you deposit money at one window and draw it out at another. If it's ever going to live up to its potentialities as a service organization, it must work hand in hand with its community and make the most of its opportunities.

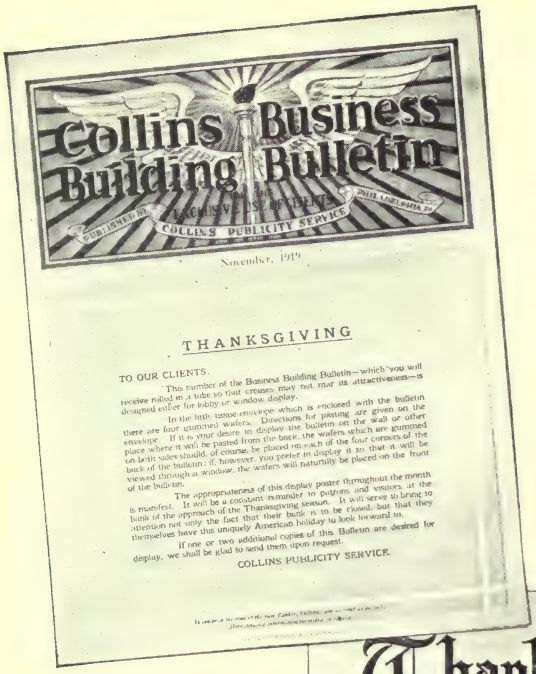
"Now let's look at the next page. Here's a letter which the bank sends to the employer, whether he be a manufacturer, a storekeeper or a farmer.

"On page four is a letter to be sent to wage-earners and salaried men and women who may or may not be patrons of the savings department, but who do not yet carry checking accounts. You will notice that this letter applies to foreigners as well as to the American-born. It is our experience that those who cannot read English will usually have a letter from a bank interpreted to them by some friend or a child in the family. So much for this 'Bulletin.' Remember there are twelve of them each year. Just look through this folder and you'll see what the others are all about."

I glanced through the folder and first of all my eye lighted on two letters of congratulation to an engaged couple. Then came models for overdraft notices with some suggestions on the diplomacy necessary to handle this familiar situation. Then came a suggested message of felicitation to parents of new-born babies, followed by an example of a birthday anniversary letter. The next "Bulletin" was devoted to past-due paper with model letters and an offer of special assistance to cover particular cases. The following "Bulletin" covered matters of policy and the necessity for uniform procedure, an educational message for the individual employee. Then, too, there was a copy of a well-printed card which each employee could have on his desk. This card set forth the



To lengthen the line of those approaching the Receiving Teller's window, is the primary purpose of The Collins Service



Collins Business Building Bulletin

PUBLISHED BY COLLINS PUBLICITY SERVICE

November, 1919

THANKSGIVING

TO OUR CLIENTS:

This number of the Business Building Bulletin—which you will receive rolled in a tube so that creases may not mar its attractiveness—is designed either for lobby or window display.

In the little tissue envelope which is enclosed with the bulletin there are four stummed wafers. Directions for pasting are given on the envelope. If it is your desire to display the bulletin on the wall or other place where it will be pasted from the back, the wafers which are gummed on both sides should, of course, be placed on each of the four corners of the back of the bulletin; if, however, you prefer to display it so that it will be viewed through a window, the wafers will naturally be placed on the front of the bulletin.

The appropriateness of this display poster throughout the month is manifest. It will be a constant reminder to patrons and visitors at the bank of the approach of the Thanksgiving season. It will serve to bring to attention not only the fact that their bank is to be closed, but that they themselves have this uniquely American holiday to look forward to.

If one or two additional copies of this Bulletin are desired for display, we shall be glad to send them upon request.

COLLINS PUBLICITY SERVICE.

money's worth from them alone, quite aside from the other branches of the service.

"THE COLLINS FORECAST"

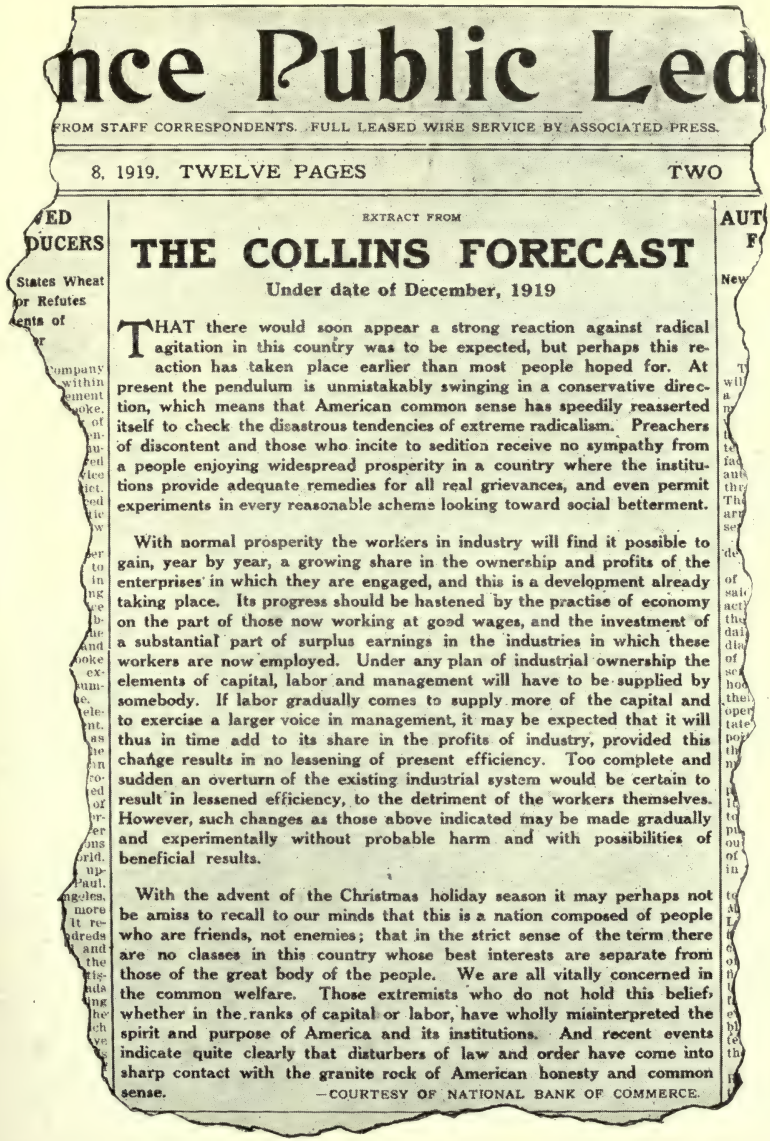
"Here is our other publication, 'The Collins Forecast.' This, you will see, is also a monthly publication of four pages. Once a month we send this 'Forecast' to each of our clients. It is compiled from the more important reports of general business conditions. With it we include current information of value to every

The Collins Business Building Bulletin, each month presenting a new business-extension idea, is undoubtedly one of the most constructive publications in the banking field

ideas and ideals of service from the bank employee's point of view. The remaining numbers of the series dealt with such subjects as safe-deposit boxes, building savings accounts through Liberty Loan coupons, the newspaper as a publicity medium, with specimens of advertisements, suggestions for letters to pupils of public schools and colleges at the opening of the year, and suggestions for establishing a business council in financial institutions.

"Usually," continued Mr. Norton, "the man who receives and follows such business-building suggestions during the year is going to come pretty near to getting his





nce Public Led

FROM STAFF CORRESPONDENTS. FULL LEASED WIRE SERVICE BY ASSOCIATED PRESS.

8, 1919. TWELVE PAGES TWO

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EXTRACT FROM

THE COLLINS FORECAST

Under date of December, 1919

THAT there would soon appear a strong reaction against radical agitation in this country was to be expected, but perhaps this reaction has taken place earlier than most people hoped for. At present the pendulum is unmistakably swinging in a conservative direction, which means that American common sense has speedily reasserted itself to check the disastrous tendencies of extreme radicalism. Preachers of discontent and those who incite to sedition receive no sympathy from a people enjoying widespread prosperity in a country where the institutions provide adequate remedies for all real grievances, and even permit experiments in every reasonable scheme looking toward social betterment.

With normal prosperity the workers in industry will find it possible to gain, year by year, a growing share in the ownership and profits of the enterprises in which they are engaged, and this is a development already taking place. Its progress should be hastened by the practise of economy on the part of those now working at good wages, and the investment of a substantial part of surplus earnings in the industries in which these workers are now employed. Under any plan of industrial ownership the elements of capital, labor and management will have to be supplied by somebody. If labor gradually comes to supply more of the capital and to exercise a larger voice in management, it may be expected that it will thus in time add to its share in the profits of industry, provided this change results in no lessening of present efficiency. Too complete and sudden an overturn of the existing industrial system would be certain to result in lessened efficiency, to the detriment of the workers themselves. However, such changes as those above indicated may be made gradually and experimentally without probable harm and with possibilities of beneficial results.

With the advent of the Christmas holiday season it may perhaps not be amiss to recall to our minds that this is a nation composed of people who are friends, not enemies; that in the strict sense of the term there are no classes in this country whose best interests are separate from those of the great body of the people. We are all vitally concerned in the common welfare. Those extremists who do not hold this belief, whether in the ranks of capital or labor, have wholly misinterpreted the spirit and purpose of America and its institutions. And recent events indicate quite clearly that disturbers of law and order have come into sharp contact with the granite rock of American honesty and common sense.

—COURTESY OF NATIONAL BANK OF COMMERCE.

AUT
F
New

Bankers may avail themselves of a highly constructive form of indirect publicity by using for publication in local newspapers the monthly editorial from the Collins Forecast.

financial institution and to its customers.

"Following will be found a group of representative subjects that we cover regularly: Crop Reports, Building Operations, Railroad Earnings, Idle Cars, Foreign Trade, Money Circulation, Interest and Dividends, Business

Failures, Manufacturing, Gold Production, Gold Movements, Iron and Steel, Coal Output, Commodity Prices, Bank Clearings, Credit.

"The 'Forecast' itself is a well printed little sheet that is worth the serious study of every man whose business is affected by current conditions. There are many statistical agencies in this country which perform a somewhat similar service, but subscription to their service costs a considerable sum. Most of them are recognized as more or less authoritative in one field or another. Few of them contain equally accurate reports of every field. But here we have a monthly digest of conditions culled from all of them, including the Government's stores of special information and the newspaper records of the entire country. An accurate knowledge of present-day conditions is the surest guide to the future. This little 'Forecast' can be a mighty valuable adjunct to the man who will use it as it is intended to be used.

"Many of our clients appreciate the Collins Forecast so highly that they have arranged with us to duplicate it for circulation among their patrons as a House Organ. Every one of their depositors receives a copy of this Trade Review, with the compliments of the bank. Such patrons realize that this is a real service.

"There is an educational value to this material that should not be overlooked, and this is clearly indicated in a letter recently received by one of our clients, reading as follows:

" 'Abington, Pa.,
" 'Dec. 9, 1919.

" 'Glenside National Bank,
" 'Glenside, Pa.

" 'Gentlemen:

" 'Superintendent of Schools, Mr. E. S. Ling, has placed on my desk a copy of The Glenside National Bank Review, which I have examined and found very interesting.

" 'The information found therein, saying nothing of the excellent review of business conditions on the first page, is timely and well selected. So much did I think of it that I gave it to a student in my Commercial Law class and asked him to study and make a report to the class. How much better could I use it if I could have a copy for each member of the class. Would it be asking too much of you to send me fifteen copies of each issue for distribution to my class? I assure you they would be used to an advantage.

" 'Very respectfully,
" 'D. E. KRUEGER,
" 'Head Commercial Dept.'

"Our clients have received many commendations of this feature from business and professional men, and we believe that this little paper even now



The Collins Forecast

A MONTHLY DIGEST OF TRADE CONDITIONS THROUGHOUT THE UNITED STATES

ISSUED BY COLLINS PUBLICITY SERVICE

VOL. VI PHILADELPHIA, PA., DECEMBER, 1919 NO. 12

THAT there would soon appear a strong reaction against radical agitation in this country was to be expected, but perhaps this reaction has taken place earlier than most people hoped for. At present the pendulum is unmistakably swinging in a conservative direction, which means that American common sense has speedily reasserted itself to check the disastrous tendencies of extreme radicalism. Preachers of discontent and those who incite to sedition receive no sympathy from a people enjoying widespread prosperity in a country where the institutions provide adequate remedies for all real grievances, and even permit experiments in every reasonable scheme looking toward social betterment.

With normal prosperity the workers in industry will find it possible to gain, year by year, a growing share in the ownership and profits of the enterprises in which they are engaged, and this is a development already taking place. Its progress should be hastened by the practise of economy on the part of those now working at good wages, and the investment of a substantial part of surplus earnings in the industries in which these workers are now employed. Under any plan of industrial ownership the elements of capital, labor and management will have to be supplied by somebody. If labor gradually comes to supply more of the capital and to exercise a larger voice in management, it may be expected that it will thus in time add to its share in the profits of industry, provided this change results in no lessening of present efficiency. Too complete and sudden an overturn of the existing industrial system would be certain to result in lessened efficiency, to the detriment of the workers themselves. However, such changes as those above indicated may be made gradually and experimentally without probable harm and with possibilities of beneficial results.

NEGOTIATIONS for harmonizing the differences between coal miners and operators, the passage by the House of Representatives of the Esch Railway Bill, the settlement of the Eastern dock laborers' strike, and the action recently taken in New York looking to the lessening of speculative transactions in securities, are all to be taken as indicating a return to more normal conditions.

With the advent of the Christmas holiday season it may perhaps not be amiss to recall to our minds that this is a nation composed of people who are friends, not enemies; that in the strict sense of the term there are no classes in this country whose best interests are separate from those of the great body of the people. We are all vitally concerned in the common welfare. Those extremists who do not hold this belief, whether in the ranks of capital or labor, have wholly misinterpreted the spirit and purpose of America and its institutions. And recent events indicate quite clearly that disturbers of law and order have come into sharp contact with the granite rock of American honesty and common sense.

Released for the Use of Our Clients in Local Papers

The Collins Forecast is probably one of the most widely quoted publications of its kind in the country

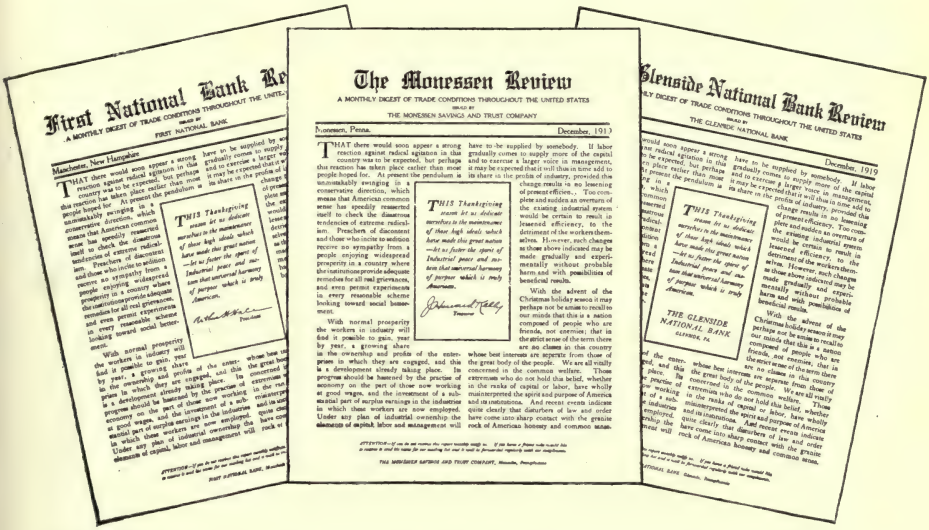
fills an important sphere as an informative and educational factor.

DIRECT MAIL PUBLICITY

"But we mustn't overlook our direct mail publicity. This feature always bulks large in the minds of our new clients. Some bankers who are not yet fully acquainted with us imagine that it is the beginning and end of our entire service. Our older clients know that it is but an integral part of our composite plan of publicity, and that its importance is not to be emphasized at the expense of any other branch of the service. It is true, however, that a considerable part of our time and energy is spent upon it, for it is through this phase of our work that we stimulate the interest of our client's present depositors, encouraging them to use other departments of the banking service than those they now use. And it is through this direct mail publicity that we obtain new depositors for the client institutions.

"This phase of our work takes the form of messages sent direct to the homes of prospects. They make a direct personal appeal and with them goes material of general interest and real value. The physical and literary form of this material makes it a vehicle for our clients' message. If desired, it will be sent already addressed and prepared for mailing.) This month it may be a folder, next month a small book, and later on a pamphlet, then another folder, and so on in rotation.

"All of this material which constitutes the vehicle is of general interest, whatever its form. Everything we send out has to be readable, it must



Trade Reviews—many financial institutions find it profitable to duplicate as a house organ, the valuable information supplied each month in the Collins Forecast. Above are illustrated specimen copies of this material republished in a bank house organ

make a wide appeal and it must have sufficient value in itself to make the recipient want to preserve it. It must be educational and suggestive, and we aim to have it of such a quality that it will mould character and build good habits. In the last analysis it will then react favorably upon the banking business, for the higher the character of the community the better the business for the banks. This means that our vehicles must include all kinds of writing —fiction, essays, informational articles, inspirational copy, even poetry and bits written in the lighter vein.

"Of course, the most important part of this plan is the message itself. These



The human interest type of vehicle to convey the banker's message is rapidly taking the place of the facsimile letter, or the presentation of mere details of banking service in type form. This human interest idea, originated by The Collins Service, is today generally recognized as one of the greatest forces in developing banking business in this country.



A recent series of direct-by-mail messages [preparedor] bankers by The Collins Service reached a circulation of twenty-two millions. This means that in hundreds of thousands of homes throughout the United States, every month in the year the bankers' communications were received, read and acted upon

messages naturally have to have a more or less universal application. At the same time, they must be personal and direct. The reader must feel that this is a message to him from the bank itself. He must feel its personal application. It must stimulate his thought and appeal to his instincts. This is not an easy thing to accomplish in a letter. I wish I had time to show you just how much thought and energy are expended on these messages, how many times they have been written and rewritten, read and criticized from every angle. It's little wonder that we're so confident of the finished product, so sure of its ability to stand the strain of actual use and so sure of its pulling power.

"Naturally, it's out of the question to write a communication of this sort that applies to every phase of the banking business. We have special messages soliciting trust business, savings, checking and general banking accounts. We have one series for prospective depositors and another series for those who are already enrolled. We believe in making the depositors in each department prospects for every other department. We appeal to the universal instincts, and we don't appeal in vain.

"When these messages are sent out they are on reproductions of the bank's own stationery over the signature of an officer of the bank, the president or the cashier. They are sent directly to the homes of the community. In compiling them we have made use of every effective device in publicity work.

"Just a word as to the accompanying material. Remember this is only one of a series of similar mailing pieces. One of them comes into the home each month. In preserving these articles for their subject matter the recipient will also preserve the messages in which the value of opening an account in the client's institution is set forth from a dozen or more different angles, developed from as many different keywords, each one of which is so selected

THE TEST

The accurate answer to "What returns do we get from our advertising" is the guide by which the progressive Banker develops his constructive publicity plans. We submit as a method of application the following Test based on the ten fundamentals requisite in a correctly proportioned advertising project. Its use will afford a quick means for estimating the potentialities of any advertising plan which the Banker may have in mind, or may be submitted to him.

EDUCATION— To what extent does it educate the individual to use all the departments of your Bank?

APPEARANCE—How near does it approach the high standard of appearance recognized as essential in financial publicity?

QUALITY— How near does it obviously come to the maximum of quality?

CIRCULATION—How much will you allow for its power of universal appeal that will cause the recipient to pass it on to others; how far will its human interest and informational character develop maximum circulation through constructive discussions?

RETENTION— To what extent will the value of its content cause the recipient to save it?

ASSOCIATION—What is the value of its association of ideas that links your institution with the recipients personal interests?

DISTINCTION— How far is its distinction sufficiently marked to make it stand out as different from the publicity of any other financial institution?

APPEAL— How nearly universal is the appeal?

ETHICS— How near does it attain to the high standard of ethics representative of the policy of your institution?

RESULTS— How much opportunity is there in the plan to enable you to accurately answer the question quoted in the first paragraph at the top of this page?

The chart on the opposite page will facilitate your analysis. Try it and see!

as to make its particular appeal to the mind of the reader. This happens to be our project now in course of preparation. We have new projects from time to time with supplementary projects as often as they are called for.

"I think I have now covered the high spots of our entire service. Now, I am going to call in one of my assistants and ask him to take you over the field, to give you some idea of how we meet the client's demands for service along each of these six angles. He will give you a look at our printing establishment, our packing and mailing departments and the rest of the mechanism that makes the prompt and efficient distribution of our service possible."

VALUES IN PUBLICITY

Use This Chart in Determining Values. Base Your Analysis on Averages Up to 10% For Perfection

ANALYSIS	COLLINS SERVICE	LETTERS	BOOKLETS	MAILING CARDS	STREET CAR CARDS	TIN BANKS	BILL BOARDS	NEWSPAPERS	CALENDARS	PROGRAMS
EDUCATIONAL										
APPEARANCE										
QUALITY										
CIRCULATION										
RETENTION										
ASSOCIATION										
DISTINCTION										
APPEAL										
ETHICS										
RESULTS										
TOTAL										

DOES YOUR PUBLICITY TEST 100%?

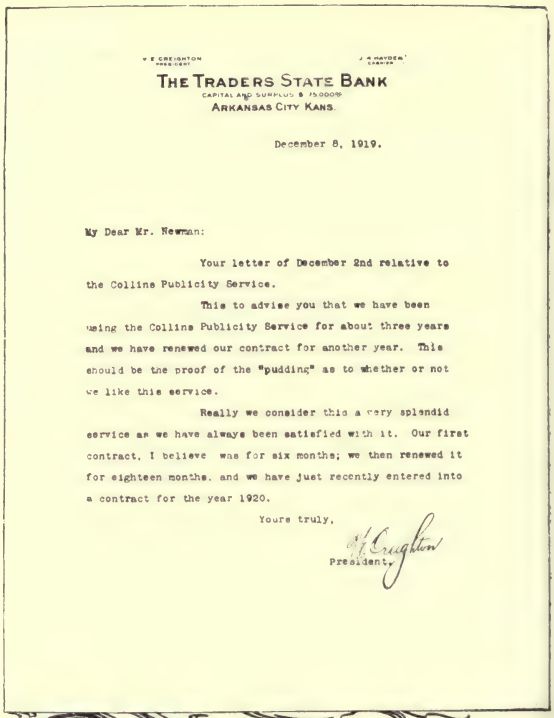
The assistant took me first into the conference office, where at regular intervals the staff assembles to discuss business building plans for banks before they are incorporated in the "Business Building Bulletins." Here I was told every new idea is submitted to a most exhaustive criticism. Its proposer has to withstand every objection. His plan is criticized from every angle and it has to stand the strain. Perhaps it's tried out in the institution of some obliging client. Never does it find a place in the "Bulletin" until the entire organization is ready to stand behind it and give it the backing of their unanimous opinion of its feasibility and the

service can show the record of its results in actual operation.

STAFF SPECIALISTS

I next had a glimpse of the staff specialists, engaged in answering the special requests for information received in a single mail from their clients in all parts of the country. This force is comprised of both men and women. Each has a varied background of experience and education. Each one is a specialist in every sense of the word. As rapidly as the day's batch of requests are received they are sorted and assigned to the person best able to handle them. Many of these requests are inevitably duplicates or similar to others already acted upon. Their disposition is an easy matter. Many others require hours of research in the library of the organization and in the libraries of Philadelphia. Still others are too new and too intricate to be satisfactorily handled by any one individual. They are the subject of discussion at the regular conferences of the entire staff.

The thing that impressed me most was the mental attitude of the staff. They were like highly trained athletes, up on their toes every instant. That their training was mental rather than physical doesn't detract from the force of comparison. It was here that I received my



THE TRADERS STATE BANK
CAPITAL AND SURPLUS $ 75,000.00
ARKANSAS CITY KANS.

December 8, 1919.

My Dear Mr. Newman:

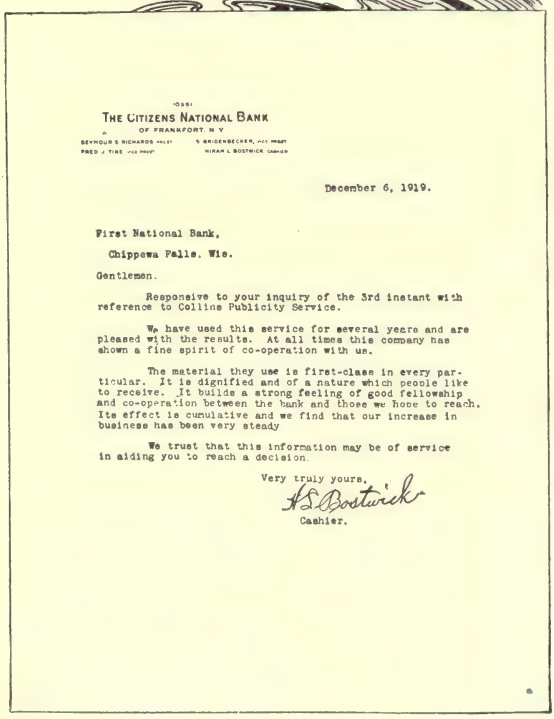
Your letter of December 2nd relative to the Collins Publicity Service.

This to advise you that we have been using the Collins Publicity Service for about three years and we have renewed our contract for another year. This should be the proof of the "pudding" as to whether or not we like this service.

Really we consider this a very splendid service as we have always been satisfied with it. Our first contract, I believe was for six months; we then renewed it for eighteen months, and we have just recently entered into a contract for the year 1920.

Yours truly,

President.



THE CITIZENS NATIONAL BANK
OF FRANKFORT, N.Y.

December 6, 1919.

First National Bank,
Chippewa Falls, Wis.

Gentlemen.

Responsive to your inquiry of the 3rd instant with reference to Collins Publicity Service.

We have used this service for several years and are pleased with the results. At all times this company has shown a fine spirit of co-operation with us.

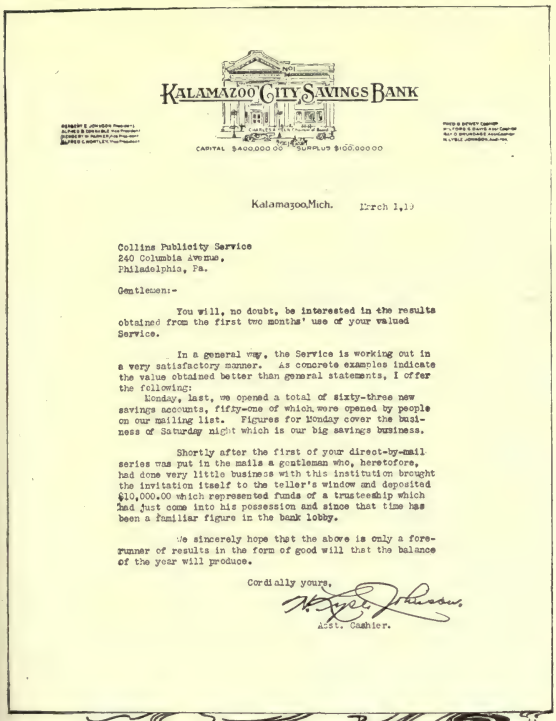
The material they use is first-class in every particular. It is dignified and of a nature which people like to receive. It builds a strong feeling of good fellowship and co-operation between the bank and those we hope to reach. Its effect is cumulative and we find that our increase in business has been very steady

We trust that this information may be of service in aiding you to reach a decision.

Very truly yours,

Cashier.

The indorsement of the Collins Service by one bank to another has a relative value, chiefly because the Service solves the business extension problems peculiar to each Client.



KALAMAZOO CITY SAVINGS BANK

CAPITAL $400,000.00 SURPLUS $100,000.00

Kalamazoo,Mich. March 1,19

Collins Publicity Service
240 Columbia Avenue,
Philadelphia, Pa.

Gentlemen:-

You will, no doubt, be interested in the results obtained from the first two months' use of your valued Service.

In a general way, the Service is working out in a very satisfactory manner. As concrete examples indicate the value obtained better than general statements, I offer the following:

Monday, last, we opened a total of sixty-three new savings accounts, fifty-one of which were opened by people on our mailing list. Figures for Monday cover the business of Saturday night which is our big savings business.

Shortly after the first of your direct-by-mail series was put in the mails a gentleman who, heretofore, had done very little business with this institution brought the invitation itself to the teller's window and deposited $10,000.00 which represented funds of a trusteeship which had just come into his possession and since that time has been a familiar figure in the bank lobby.

We sincerely hope that the above is only a forerunner of results in the form of good will that the balance of the year will produce.

Cordially yours,

Asst. Cashier.

Letters from clients frequently cite odd and profitable results from the use of the direct-by-mail literature supplied by The Collins Service. Above is a good example.

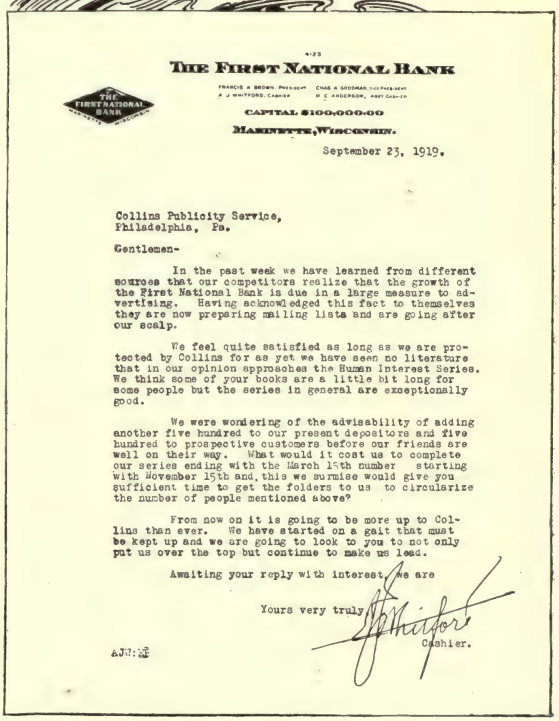
strongest impression of real service, highly specialized, splendidly equipped and executed with dispatch and precision.

The Emergency and Local Services are also in the hands of a group of specialists. Each one has his own particular department, but to each is assigned a given group of banks. All the inquiries dealing with the technical questions of banking are handled by them. Most of them are capable of meeting any of them single-handed, but each relies on the others to supplement his general knowledge by their special knowledge. Judging from the mass of correspondence on each desk, the requests were heavy this morning, but no one seemed to be dismayed by the problems he was called upon to face.

One member of the staff is editor of the "Bulletin." I had the pleasure of meeting him. It is he who writes the monthly letter to the client, that explains the plan, and arranges the accompanying letters which the client is to send out to put the plan in execution. It's a more complicated job than appears on the surface and one which takes a great deal of the time of this highly-paid specialist.

Another member of the staff is editor of "The Fore-

The Collins Service, indirectly has been a great incentive to general bank publicity, as is well demonstrated by the interesting letter given below.



THE FIRST NATIONAL BANK

CAPITAL $100,000.00

MARINETTE, WISCONSIN.

September 23, 1919.

Collins Publicity Service,
Philadelphia, Pa.

Gentlemen-

In the past week we have learned from different sources that our competitors realize that the growth of the First National Bank is due in a large measure to advertising. Having acknowledged this fact to themselves they are now preparing mailing lists and are going after our scalp.

We feel quite satisfied as long as we are protected by Collins for as yet we have seen no literature that in our opinion approaches the Human Interest Series. We think some of your books are a little bit long for some people but the series in general are exceptionally good.

We were wondering of the advisability of adding another five hundred to our present depositors and five hundred to prospective customers before our friends are well on their way. What would it cost us to complete our series ending with the March 15th number starting with November 15th and, this we surmise would give you sufficient time to get the folders to us to circularize the number of people mentioned above?

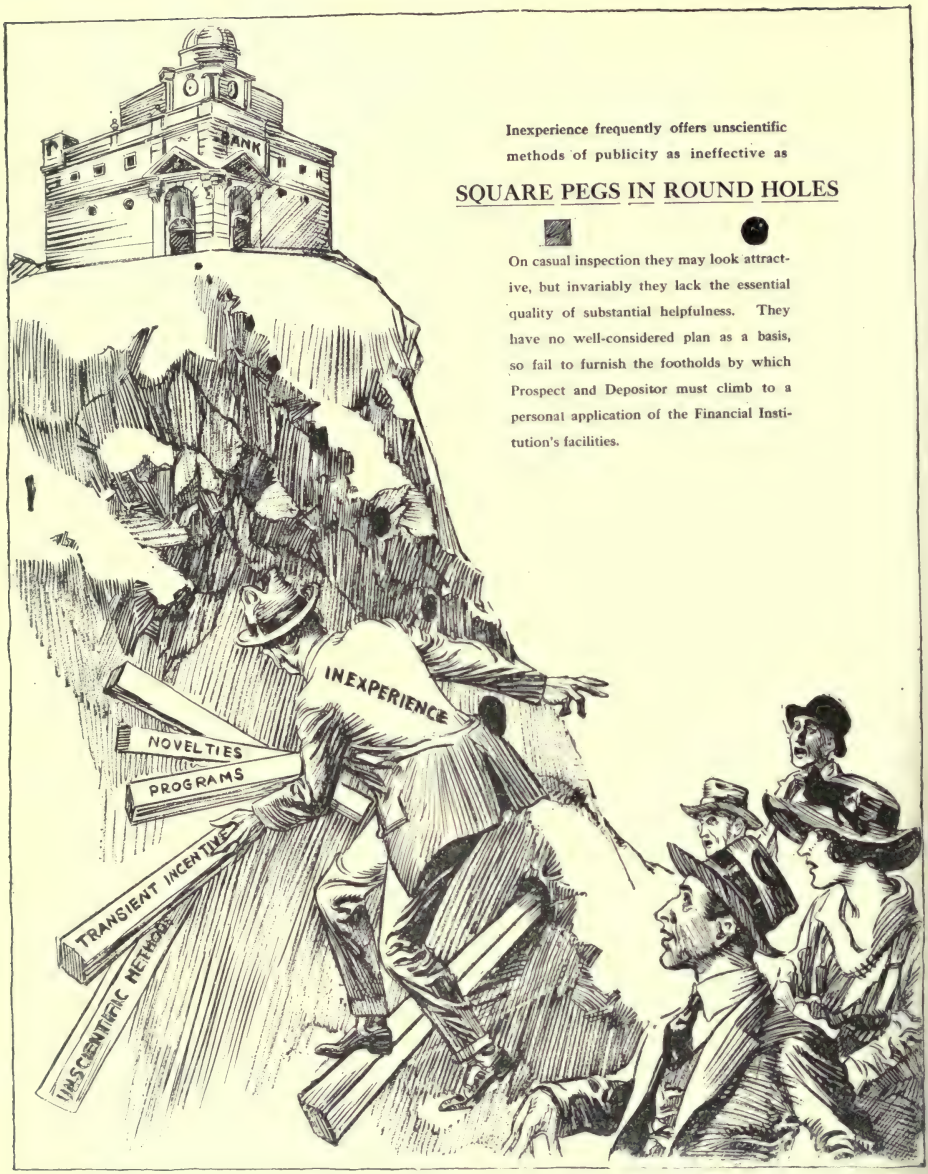
From now on it is going to be more up to Collins than ever. We have started on a gait that must be kept up and we are going to look to you to not only put us over the top but continue to make us lead.

Awaiting your reply with interest, we are

Yours very truly,

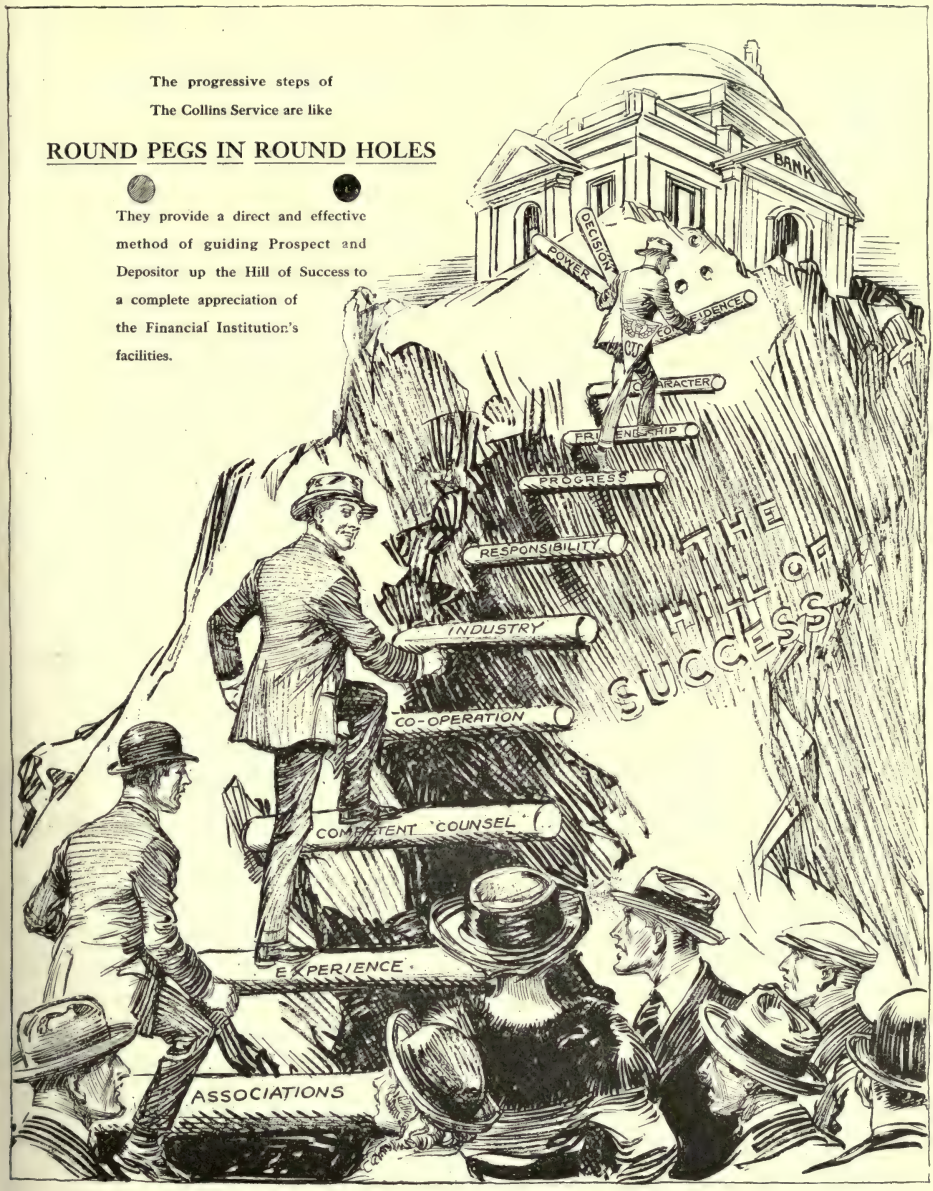
Cashier.

AJM:E



cast." It is he who receives and reads the multitudinous data from the various reporting agencies and from the United States Government. He is an expert in this line. He can draw for you, off-hand, a chart of the fluctuating but ever-mounting cost of living. He can talk about the Steel Corporation's unfilled orders; he can give you facts about the production of pig iron, of the crops, the money in circulation, the country's foreign trade, the course of prices, and an almost endless stream of like information. It is he who edits the telling editorial that occupies the first page. He is a perfect mine of information on the condition of every leading industry in the United States, and on its effect on business in general and banking in particular.

The work of preparing newspaper advertisements I found to be under the



direction of a former newspaper man of wide and varied experience, a student of psychology and advertising technique, with an unusually intelligent grasp of banking problems. He seemed to realize what most advertisers are so slow in getting, that when people buy a newspaper they want news even in their advertisements. The advertising column that reflects the conditions of last week or last year or the psychology and phrases of the last century is no longer effective.

The editor of the Collins newspaper service told me that it had been determined that trained writers could write interestingly about a bank service fifty-two times a year, utilizing current events as an auxiliary in the construction of the advertisements without los-



GEO. W. LITTLEFIELD, President — R. C. ROBERDEAU, Vice-President — L. J. SCHNEIDER, R. A. WROE, Vice-President — T. H. DAVIS, Vice-President — H. PFAFFLIN, CARL T. WIDEN, A.

UNITED STATES DEPOSITARY.

THE AMERICAN NATIONAL BANK

CAPITAL $300,000.00 SURPLUS $700,000.00

AUSTIN, TEXAS.

August 24, 1918.

Collins Publicity Service,
Philadelphia, Pa.

Gentlemen:-

We today signed a contract with your representative for a third renewal of your service, and wish to state that we consider the new series for the coming year the most attractive and strongest bank advertising matter that has ever been brought to our attention.

We believe that "business goes where it is most invited and stays where it is best treated," and accordingly we are ever striving to better the service of this institution so that it will be second to none in the country.

Appreciating the assistance that you have rendered us in the growth of our new business, we take pleasure in writing this letter to you, and will always be glad to say a good word for "Collins" to our friends.

With best wishes, we remain,

Yours truly,

THE AMERICAN NATIONAL BANK

Vice President.

PRESIDENT CHAS. W. MILLER — VICE-PRESIDENT ARTHUR BOMMER — CASHIER H. A. FISTER

The Hummels' Bank

Kutztown, Pa.

Nov. 19th, 1918.

Collins Publicity Service,

226 Columbia Avenue,

Philadelphia, Pa.

Gentlemen:-

On Sept. 16th when we first started your service our deposits were $493,000 and today they are $913,000. The only other bank in town which is 11 years older has gained only $167,000 in the same time.

We used to think that everyone had a bank account who could afford to have one and that advertising would not pay in this small community where everyone knows everybody by their first name.

The results of sending out your material have proved that the right kind of publicity, which is the Collins kind, pays and pays big.

We take pleasure in giving your representative our third consecutive contract and have increased our mailing list 1000 over the first list we used. We find that since we started a mailing list we are constantly adding new names.

We wish to thank you for your prompt replies to our many special requests during the past year.

Yours truly,

H. A. Fister

Cashier.

LOMPOC VALLEY BANK
CONSERVATIVE
LOMPOC, CAL.

LOMPOC, CAL. Sept. 11, 1918.

Collins Publicity Service,

Philadelphia,

Gentlemen:

In taking on a publicity campaign with you for the third time, I am free to say that I regard your scientific publicity project as the best and most productive in existence. The force of suggestion in the new Direct Method and Follow-up continues its influence long after the messages are sent out. I receive inquiries even yet regarding your Panama Series used in 1914-5.

I also recognize the great value of your Auxiliary Service. Kindly give me your advice and assistance in the solution of the bank labor problem with which I am now confronted.

Very truly yours,

Lompoc Valley Bank,

Cashier.

(Copy)

No. 7375

THE CITIZENS NATIONAL BANK

"THE STRENGTH OF SECURITY"

CAPITAL $50,000.00 SURPLUS & PROFITS OVER $200,000.00

TELL CITY, INDIANA

DIRECTORS: HENRY BADER, ANDY STEINHAUER, HERBERT J. PATRICK, A. C. OBRECHT, LEE HERR, E. G. ENGELBRECHT, JOHN W. VOLL

Sept. 28, 1919.

Collins Publicity Service,

Philadelphia, Pa.

Gentlemen:-

We have this day closed our renewal contract with your representative for "Collins Service", and have doubled our former mailing list.

The use of your service for the past year has shown great results for our institution and we have added about 300 new accounts during the year and our assets show a fine increase over last year.

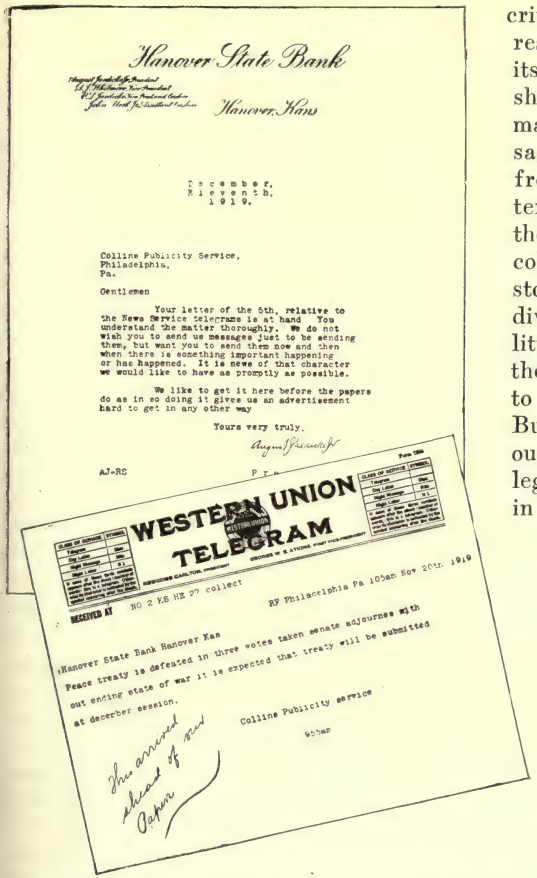
With best wishes, we beg to remain,

Cordially yours,

Cashier.

Copy

Possibly no written statements carry more significance and absolute truth than do those of the banker. The Collins Service treasures with great care the thousands of endorsements which it has received from its clients all over the United States.



Hanover State Bank

Hanover, Kans

December Eleventh. 1919.

Collins Publicity Service, Philadelphia, Pa.

Gentlemen

Your letter of the 5th, relative to the News Service telegrams is at hand You understand the matter thoroughly. We do not wish you to send us messages just to be sending them, but want you to send them now and then when there is something important happening or has happened. It is news of that character we would like to have as promptly as possible.

We like to get it here before the papers do as in so doing it gives us an advertisement hard to get in any other way

Yours very truly.

AJ-RC

WESTERN UNION TELEGRAM

RECEIVED AT NO 2 KB HK 27 collect

NF Philadelphia Pa 10Jan Nov 20th 1919

(Hanover State Bank Hanover Kas

Peace treaty is defeated in three votes taken senate adjourns with out ending state of war it is expected that treaty will be submitted at decerber session.

Collins Publicity service

Gobar

You arrived ahead of your letter

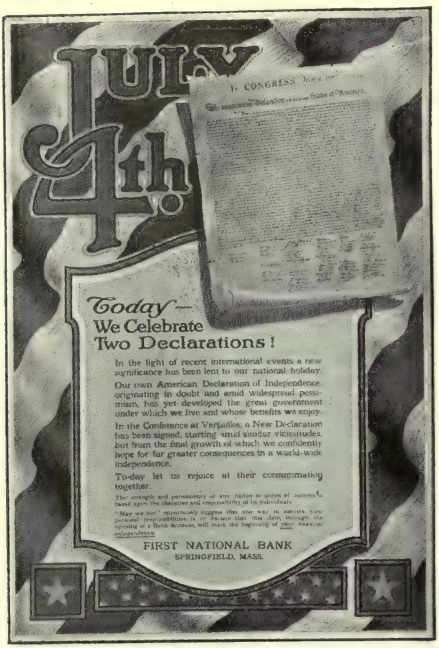
This letter and telegram are well worth reading, particularly the notation made by the banker on the telegram. The The unusual features of The Collins Service are so many and frequent, as to be the rule rather than the exception with this Organization,

ing in effectiveness. He told me that it was his job to seek for infinite variety in form and content, and to strive for a natural conversational style rather than formality.

When I asked to see the operation of the force engaged in the direct-by-mail publicity, my conductor told me he had nothing to show me. "Every member of the staff works at it," he said. "Here we throw out our dragnet for ideas, and our catch is invariably a big one. They're all welcome from whatever source they come. We may have prepared twenty distinct versions of a single message. They are collected, read, re-edited, discussed, rewritten, re-criticized and written again. The result is a composite product, but its authorship is quite lost in the shuffle. It's the same with the material which accompanies the messages. The original stories come from many sources. Illustrative material comes from many others. Here there is extensive rewriting and collating. Of course, there are some stories that are so good and so individual that the first draft calls for little improvement, and to bring in the work of other authors would be to spoil the story's individuality. But, on the whole, the authors of our Direct Publicity Service are legion. Almost every one you see in our offices has his or her hand in the game. We believe in using the potentialities of our people to the limit. The results have more than justified our policy. The real responsibility for producing the material issued in the direct-mail publicity service rests on the Project Division, the combined editorial and publishing office of the organization.

"The Project Division" may be called the "Testing Laboratory" of the organization. It is here that the vehicles which are to carry the vital messages from the banker to his clients are analyzed.

The work of the division is four fold. First, comes the research and the gathering together of the facts which form the background of the material that is yet to be prepared. Then comes the actual writing of the copy and the analysis of the field. The next process is the editorial work which prepares it for the printer and includes the selection of the illustrative matter and preparation of the typographical layout which everything must receive before it eventually leaves the division. Finally, the Project Division must devise the ways and means for its distribution. It represents a business in itself and calls for the exercise of sound



The progressive bank should never overlook an opportunity for constructive publicity, and a holiday like Fourth of July, with its spirit of patriotism, is an excellent time to send out a special announcement.

judgment, inventive genius and wide publishing experience. The layout and manufacturing men are specialists of high order. The best artists are employed to prepare the illustrations. The finest photographic methods are used, and in paper, binding, and the other details of manufacturing, quality, durability and clearness are the watchwords."

I then accompanied my conductor into the manufacturing plant. First of all, we paid a visit to the print-shop, where the Collins presses turn out the millions of pieces of material that the Service circulates each year. In the product of the Collins presses is clearly reflected the dignity of the banks. Here printing is looked upon as a fine art, and no expense is spared to make whatever bears the Collins imprint a worthy piece of typography.

The force of The Collins Service is operated along the most modern ideas —self-government through committees prevails. There are recreation periods both morning and afternoon. There are lunch-rooms, gymnasiums, dance-rooms and all the other details that are now considered an essential part of every progressive organization. These matters are the objects of the personal interest of Henry H. Collins, Jr. Whatever concerns the welfare of the personnel of his plant touches him keenly. He has always been an experimenter and pioneer along these lines. It is small wonder that it is considered a privilege to be employed in the Collins plant and offices.

In whatever I saw I was impressed by a certain standard of efficiency and precision which spoke volumes for the man at the helm. I believe it was Emerson who first said that the history of every nation is the elongated shadows of a few men. It is true of nations, it is even truer of business organizations. Every office, every store, every plant, clearly reflects the character, the mind and the idiosyncrasies of one or two individuals. It may be the proprietor or the general manager—or only a subordinate who has succeeded in impressing his personality on the entire organization on the principle that you can't keep a good man down.

I have noticed, too, in advertising to a greater degree than in any other line of work with which I have been familiar, that the strength and force and effectiveness of the men higher up is reflected in the product. Advertising is a creative work. In producing it many minds and many hands play their part. But in the final coördination of their activities, in welding their combined efforts into a project or a telling piece of publicity material, a single mind in the last analysis dominates the whole and places its stamp on the finished product. Just as a log with Johns Hopkins at one end and a pupil on the other once constituted a university, so an office with a strong creative advertising genius in one corner and his helpers in another can always constitute a full-fledged publicity organization. You can get the helpers anywhere, but the geniuses are few.

As I thought of all this it occurred

to me that I had learned a great deal about the plans and purposes of The Collins Service, but very little about its general manager. It was evident that while Mr. Norton is an excellent advertiser of what the other fellow has to sell, he shows but little inclination to advertise himself. I mentioned as much to his assistant, who told me with a smile that in these days when the professional publicity man is always available for any dinner programme, Mr. Norton has the distinction of never yet having addressed a gathering of bankers by any other medium than the printed word with its infinitely wider circulation. He has years of advertising experience to his credit, and is a thorough student of banking publicity problems in particular. He has been with the organization for years and has helped it grow until it has become a nation-wide factor in developing prosperity by educating bankers and bank depositors.

I am convinced that the story of his career is interesting and would be well worth telling if the facts were available. As it is, I have been able to gather but a few scraps of information from his associates. Mr. Norton isn't accustomed to talking about himself. I did manage to learn, however, that some years ago the New York "Herald" offered a prize for the best short human interest story—a price so big that it made all the members of the American army of free-lance writers roll up their sleeves and oil up their typewriters and go to it for all they were worth. It was Mr. Norton who won through the popular votes of the newspaper readers and by a margin so wide that his nearest competitor was left miles behind.

I also discovered that the idea of the National Thrift Day which we now



The Collins Service is recognized as one of the greatest factors in causing people to enter banks, rather than to pass them by

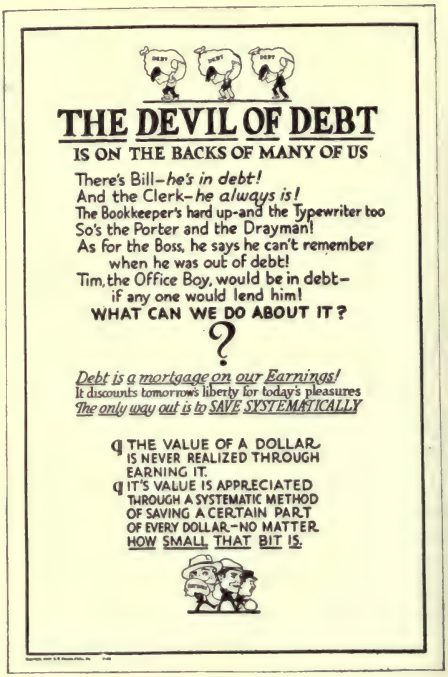
celebrate January 17 was solely his; that it was he alone who worked out the multitude of details and gave it the wide publicity which has resulted in its universal observance and permanent retention.

In these times, when we are hearing from all sides demands for a six-hour day and a five-day week, with plenty of holidays thrown in, it is refreshing to meet a man whose brain works on a twenty-four hour day shift just through sheer love of the work in which he is engaged. They tell me that Mr. Norton keeps a pad and pencil beside his bed, and that many of the banker's business extension problems have been solved in the peace and quiet of the midnight hour.

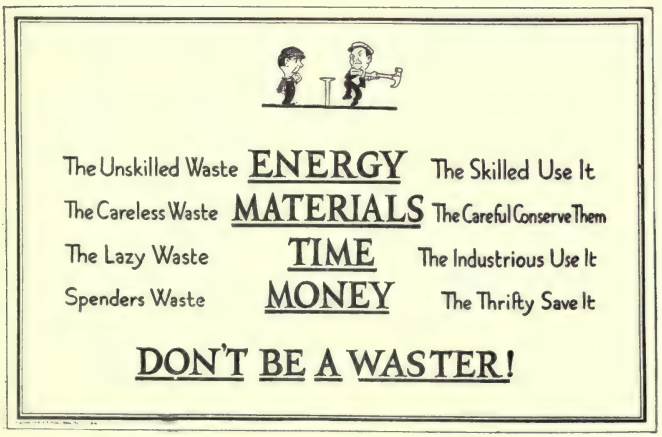
In this way, despite the multifarious duties that fill the day of the man who leads the Collins organization, he keeps in close touch with every little problem that confronts the clients of the service, whether they do business in Florida or Washington. But the best general manager in the world would be wasted if the executive heads of the organization were not also forward-looking, broad-minded and progressive men.

I expressed my appreciation of what I had seen to Mr. Norton when I returned. "I hope you'll agree with us," he replied as he said good-bye, "that the most interesting use to which specialized knowledge can be put is that of conveying a suggestive force to every reader that enables him to increase his efficiency, whether he be a depositor, a prospective depositor, or employee of the institution. We believe in applied psychology, and our chief problem is how best to apply it. Here we're always open to suggestions, and we're always seeking for more light. I think results justify us in concluding that we are on the right track, but we're gathering momentum and improving details and methods every day. We're also enlarging our field."

The time had



The importance of the poster as a medium of indirect advertising was fully demonstrated by the Government in its Liberty Loan drives: on this page are illustrated two examples of some of the clever poster work used by the Collins' clients.



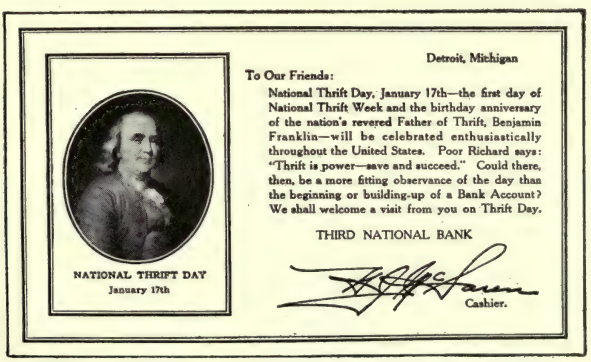


National Thrift Day, inaugurated and established by The Collins Service, is growing in importance each year. Constructively focusing the attention of the public on financial institutions of the country, it presents a form of financial publicity that bears fruit through every day in the year. The poster illustrated above is but one of the many features prepared by the Collins organization for the observance of National Thrift Day

now come for me to make my departure, and I went away feeling well repaid for the time I had spent at the Collins offices. Perhaps the one big conviction that I took away with me was the absolute sincerity of purpose of this organization. The sincerity of Henry H Collins, Jr., and his fellow officers, of Charles H. Norton and his immediate staff has permeated the entire force. They believe in themselves and in their work. They believe in the ability of brains and highly specialized knowledge and skill to accomplish what the individual cannot be expected to accomplish for himself. They believe in teamwork and the close coöperation of all of the agencies in the community; that their work is something more than a mere commercial proposition, and that a better, more efficient and more prosperous America will result from their efforts. In bringing this about, they are confident that they have an important part to play, and they mean to play it with all their might. I am particularly glad of this opportunity of expressing my belief that their hopes are to be realized in the fullest measure.

The official badge for Thrift Day is unique in design and use. The cirulation of this attractively colored Thrift insignia runs into hundreds of thousands every year.





A card of invitation for National Thrift Day invarably results in profitable returns. Herewith is reproduced one of the layouts for a Thrift Day invitation card furnished by the Collins Organization.

ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

War Risk Insurance

IF the $40,000,000,000 which is the aggregate of War Risk Insurance policies held by service men were turned into silver dollars and stacked one on top of another, there would be 600,000 stacks as high as the Washington Monument. If it were turned into one dollar bills, and these were placed end to end, the string would be long enough to stretch from the Earth to the Moon and back nineteen times.

A letter to Wisconsin banks from Marshall Cousins, Commissioner of Banking of that state, in part is as follows:

All bankers realize the value of insurance, and I believe you will be conferring a lasting favor upon the soldiers by assisting them to obtain reinstatement in those cases where they have allowed their insurance to lapse and in arranging to make remittance for them to Washington.

Those who dropped their policies can never again secure protection to equal that offered by the War Risk Bureau. I believe many of the men have allowed their insurance to lapse because they did not know how to make their remittances or where to make them.

The remittance letter should give the full name and address of the insured and if discharged give rank and organization at the time of discharge. It should also give the number of the certificate if the number is known, the amount of remittance, and the months covered by the remittance. Name and address of the remitter should also be given.

It is suggested you ask the coöperation of the newspapers in your locality in giving publicity to the fact that you are prepared to give information to soldiers concerning this government insurance and will make remittances for them if they so desire. It is probable many of them would open accounts and arrange for you making regular monthly remittances in payment of premiums. In this way you will encourage the opening of accounts which may become of value to you in time.

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THE
BANKERS MAGAZINE
ELMER H. YOUNGMAN, Editor
SEVENTY-FOURTH YEAR MARCH 1920 VOLUME C, NO. 3

Consistent Policies Needed

HOWEVER desirable rapid alternations of conditions may be for those engaged in the game of speculation, such swift changes are hardly compatible with the orderly operations of business, which require at least a reasonable degree of stability. The upheavals brought about by the war tended to reduce nearly all business to a speculative basis. Even long after the war has ended, the conditions following in the wake of the great conflict, and the legislation which altered social conditions have required, still render business more or less uncertain. To some extent this uncertainty might be relieved by clearly defined legislative and administrative policies. But instead of having such policies, we seem to be drifting about without any precise notion of what we are trying to do.

The subject should be approached, if possible, without partisan or other bias, for it seriously concerns our individual and national welfare.

Let us first consider our international policies. Who, for example, can tell just what we are driving at with respect to Mexico? And what are our aims with regard to the political and financial problems of Europe? Do we mean to offer any protection whatever to American life or property in foreign countries?

Passing to domestic problems, have we a settled policy in regard to the railroads? Shall we go on with the plan of allowing the state and Federal Governments to harry them as in the past? What do we intend to do about big combinations of business? And what about labor? Are we to continue our present national extravagance?

It would be comforting to believe that the new legislation in regard to the railways represents a new and enlightened attitude toward this important factor in our national prosperity, but does it?

Could one conclude that the recent decision of the United States Supreme Court in the United States Steel Corporation case represented a fixed determination of the Government to ar-

raign only the "bad" trusts hereafter, this might afford a secure feeling to many great business aggregations. But is such a conclusion warranted?

And if labor is content to-day with high wages, who can tell what the outcome will be when wages fall, as inevitably they must?

Who shall call the Government's extravagance to account so sharply that the warning must be heeded? And how shall the necessity of checking individual extravagance be enforced upon our people short of a disastrous panic?

Soon the country will be engrossed in the issues of a Presidential campaign. Will the platforms and candidates give attention to the establishment of policies which will afford a reliable guide for the business of the future, or shall we continue to drift about helplessly in the fogs which now envelop us?

Final Report of the Cunliffe Committee

THE final report of the committee on currency and foreign exchanges, which was constituted under the chairmanship of Lord Cunliffe, former Governor of the Bank of England, has been made to the lords commissioners of His Majesty's Treasury.

Included in the scope of the committee's investigations were the problems arising in connection with currency and foreign exchanges during the period of reconstruction, and also to consider the working of the Bank Act of 1844, and the constitution and functions of the Bank of England, with a view to recommending any alterations which might appear to the committee as being necessary or desirable.

In reference to the foreign exchanges, the committee says:

"We stated in the introduction to our interim report our opinion that a sound system of currency would in itself secure equilibrium in the foreign exchanges. We have reviewed the criticisms which have been made upon this part of our report, but we see no reason to modify our opinion. We have found nothing in the experiences of the war to falsify the lessons of previous experience that the adoption of a currency not convertible at will into gold or other exportable coin is likely in practice to lead to overissue and so to destroy the measure of exchangeable value and cause a general rise in all prices and an adverse movement in the foreign exchanges."

While the report admits that the weakness of the exchanges is due, in a measure, to trade conditions, an important cause of the

depreciation in sterling in New York "is to be found in the expanded state of credit in this country."

Here are the remedies which the committee suggests:

"Increased production, cessation of Government borrowings, and decreased expenditure both by the Government and by each individual member of the nation are the first essentials to recovery. These must be associated with the restoration of the pre-war methods of controlling the currency and credit system of the country for the purpose of re-establishing at an early date a free market for gold in London."

As to the Bank of England, the committee does not find the principles governing the banking systems of the principal foreign countries so well adapted to the needs of Great Britain as those contained in the Bank Act of 1844. As certain important alterations which experience suggested to be desirable have been made in the constitution and management of the bank during the war, no further changes are recommended.

The report proposes that the actual maximum fiduciary circulation in any year should become the legal maximum for the next, subject only to emergency arrangements previously proposed. A recommendation is made that the notes of the Scotch and Irish banks be placed on their pre-war basis; also that the issue of currency notes to joint-stock banks be discontinued.

This significant reference is made to the status of foreign banks:

"Several of our witnesses have called attention to the conditions under which it is open to foreign banks to establish themselves in this country. We suggest that this is a matter which should receive the early attention of His Majesty's Government."

The opinion expressed in this report regarding the prime cause of derangement of the foreign exchanges—depreciated currency—coincides with the best banking opinion in this country. If this is the true cause of such derangement of values, then the remedy would seem to be in the hands of the countries whose currencies are depreciated, and loans made by the United States for the purpose of relieving the exchange situation might not only fail to give the needed relief, but act as an aggravation of the difficulty.

Financing American Shipping

ONE of the new demands made upon the banking and investment resources of the country, as a result of changes brought about by the war, relates to the financing of American shipping. Whether this demand will be met by the existing financial

institutions, or whether in time a special type of bank or investment organization may be required for it, can not as yet be known. For the present, until a special mechanism is created—should it be found necessary—what financing of this character is done at all will have to be through existing instrumentalities.

The shipping business is beset with the usual vicissitudes which attach to all commercial ventures, and has besides some special risks of its own. Perils of waters, winds and rocks are no longer enhanced by the pirates of other days or by the submarines of more recent times, although there are some floating mines still on their vagrant voyages which make the sea less safe than it was prior to the beginning of the late attempt at international assassination on a hitherto unheard-of scale.

And, so far as the United States is concerned, there are some uncertainties not included in the above category. We do not seem as yet to have developed any definite policy with respect to shipping. Until this is done, and it can be clearly shown that American ships are to be operated under conditions which will make a reasonable profit possible, the difficulties of procuring capital and credit for maritime purposes must remain.

With the completion of its building programme the United States Shipping Board expects to have a fleet of nearly 2,000 vessels, representing some 11,000,000 deadweight tons. At present the plan seems to be to sell these ships to private owners, although considerable opposition has developed toward some of the contemplated or actual sales. The alternative to a sale of the ships would be Government ownership and possibly Government operation, though the latter is not generally regarded as desirable.

Americans have long hoped to see a restoration of our maritime commerce, which has never recovered from the blow it received during the Civil War. One reason why such revival has not taken place has been the more profitable field found upon land for American capital and enterprise. Unless maritime business is made more attractive than it has been, a like indifference to it may be looked for in the future. Should the Government decide upon a policy of inflexibly supporting the American ocean-carrying trade, by fixing conditions so that such trade may show a sufficient profit, then our capital and enterprise would be attracted in that direction. Whether the high cost of building and operating ships, and other influences leading to lessened shipping profits, can be overcome by American skill and enterprise, so as to place our ships on a substantial equality with those of the great maritime powers, remains to be seen.

For the purpose of considering the problems which will arise from the shipping situation, a large committee of American bankers

has been formed and through an executive committee will make a thorough investigation of the subject.

Should the financing of American shipping involve other than short-term credits, the service may require later on the organization of a Maritime Trust Company, the stock of which might be owned, in part at least, by existing banks, the same as has been done in the formation of special banks for foreign trade. The investigations of the bankers' committee may reveal whether or not such an institution is needed.

It may be instructive to note in this connection that announcement was recently made of the formation in London of the Merchant Marine Finance Corporation, organized exclusively for financing shipbuilding.

Legal Victory of the U. S. Steel Corporation

BY the judgment handed down on March 1 by the United States Supreme Court, the United States Steel Corporation gained a marked legal victory, the decision holding that this is not an illegal monopoly.

The ground on which the decision was reached appears to be that a contrary view would have been against public policy—that a restraining or dissolving order would have set the steel industry back where it was twenty years ago, and that the foreign trade of the country might be seriously injured in consequence. In other words, the United States Supreme Court took the view, which is not uncommon in recent decisions, that the conditions which prevailed at the time the Sherman Anti-Trust Law was enacted have changed and that the public interests would not be served by a dissolution of the United States Steel Corporation. Justice Day, in the dissenting opinion, held that this was a matter for Congress rather than for the courts.

No doubt there is a good deal of a tendency in legislation to strike a very high moral level, leaving to administrative acts and judicial interpretations the practical applications of these idealistic statutes to a work-a-day world. Legislative bodies thus gain an exalted moral reputation, while escaping the serious responsibilities which the application of these principles involves.

It would be rash to infer that because the United States Steel Corporation has missed judicial disintegration a similar rule will apply to all the so-called trusts. Some of them, it must be remembered, are "good," while others are bad. Perhaps the heaviest sin

to be imputed to the United States Steel Corporation was the circumstance surrounding its birth. If the recent decision does not condone this offense, it at least takes cognizance of the mitigating effects of subsequent good conduct.

In the tendency of court decisions to recognize the antiquated character of many of our business laws, a very practical question is involved. For if the members of State legislatures and of Congress are so fearful of the views of their constituents that they will not keep legislation of this character up to the needs of the times, then we must depend upon the courts to make such construction of more or less antiquated statutes as the times demand. Not many years ago there was much agitation in favor of making the courts more directly responsive to public opinion; but there is some evidence that the courts are more disposed to take cognizance of public opinion, or at least of changed conditions, than Congress is, and of this tendency the decision in the Steel Corporation may be cited as an illustration.

Where combinations of industrial establishments are effected and carried on without injury to competitors, employees or to the public, while resulting in greatly increased economy and efficiency, there seems no sound reason why they should not be sanctioned by legislation. Possibly the present law does this, but long and uncertain litigation is necessary to establish the fact.

Preparing for a Class War

BROOKLYN, which at one time was famous for its number of churches, and also locally known as the slumbering quarters of many persons who during the daytime toiled amidst the cañons of downtown New York, now aspires, apparently, to establish claims for a new kind of eminence—that of leader of the war of classes in this country. This deduction is reached after reading a statement that there was recently formed in Brooklyn "The Middle Class Union of New York State." Its objects may be inferred from the following declaration made by one of the incorporators:

"Any person who considers himself as belonging to the 'middle class' may become a member. By the term 'middle class' we mean that host of refined, intelligent but unorganized individuals who are neither labor unionists, politicians nor capitalists. This body of people is the most powerful, but it has always lacked the force of concerted effort."

Those who feel themselves as properly belonging to the *haut ton* will not, of course, wish to demean themselves by joining any

mere "middle class" organization, even though its members may include a "host of refined and intelligent individuals."

This form of social snobbery finds its political counterpart in a proclamation recently put forth by the American Federation of Labor for organizing a great political machine in every section of the country for the purpose of defeating those aspirants for office who have refused to meet labor's demands. Here are some of the assertions made in this proclamation:

"The inherent rights and principles of our people are threatened.

"The free institutions of our country are menaced.

"The ideals of democracy are in danger.

"The Congress of the United States has failed to do its duty. It has failed to meet the emergency. It has given encouragement and support to autocratic and reactionary policies. Its dominating thought has been the repression of labor.

"Every effort to secure remedial and constructive legislation has been strangled. Every appeal for redress has met with subtle and open hostility. The halls of Congress have been used by labor's enemies to foster and spread a vicious propaganda against the efforts of the toilers to exercise their normal and lawful activities for the protection and promotion of their interests and welfare. Labor has appealed for relief in vain.

"The hour has arrived when those who believe in the maintenance of democratic institutions must marshal their forces in defense of their rights and ideals.

* * *

"It is the duty of trade unionists, their friends and sympathizers and all lovers of freedom, justice and democratic ideals and institutions to unite in defeating those seeking public office who are indifferent or hostile to the people's interests and the aspirations of labor.

"Wherever candidates for reëlection have been friendly to labor's interests they should be loyally supported. Wherever candidates are hostile or indifferent to labor's interests, they should be defeated and the nomination and election of true and tried trade unionists or of assured friends should be secured."

The attempt to array the people of this country into hostile classes seems to be quite as logical as would a proposed division of the people into organized groups because of their religious beliefs or the color of their hair, or whether they took two lumps in their tea or only one.

Against these foolish proposals, dangerous alike to "labor," to the "middle classes" and to the best interests of every man, woman and child of the Republic, it is refreshing to set down these sound

American principles as enunciated so clearly by Hon. Calvin Coolidge, Governor of the Commonwealth of Massachusetts:

"The men of Massachusetts are not labor men, or policemen, or union men, or rich men, or any other class of men first; they are Americans first."

American Credits to Europe

THIS subject is interestingly commented on by the London "Daily Chronicle" of January 31 in a leading editorial article, entitled "Struggling Europe; Will America Refuse to Help?" The article in question deals chiefly with some utterances of Mr. Carter Glass, who recently resigned as Secretary of the Treasury to become a member of the Senate, in reference to a proposed International Financial Conference and the general subject of American credits to Europe.

As the article intimates, Mr. Glass has not spoken the final word in reference to this matter; for while there may be difference of opinion in regard to the propriety of holding an International Financial Conference, there is no diversity of opinion among enlightened bankers and business men as to the desirability of extending credits to Europe. This was clearly shown by the views expressed at the Reconstruction Congress at Atlantic City, the Convention of the American Bankers Association at St. Louis, the Pan-American Financial Conference at Washington, and the same views are certain to prevail at the Seventh National Foreign Trade Convention to be held at San Francisco in May. These organizations may be taken as fairly representing the conclusions of representative American bankers and business men on this subject.

The desirability of a liberal extension of American credit to Europe is not seriously disputed on this side of the Atlantic. But our ability to extend such credit is less clear. The Federal Reserve Banks are nearing the limit of their rediscount facilities, and the banks generally find their loan commitments rather inconveniently large at the present time, and in need of curtailment. If we are to absorb any large amount of European securities, we shall have to practice greater economy in order to provide the necessary funds, and at present a tendency toward extravagance exists which appears difficult to check. Besides, notwithstanding the large number who bought Liberty Bonds, principally under the stimulus of a patriotic impulse, the number of those willing to invest in foreign securities or even in domestic securities remains comparatively small. We are pinning some hope to the new Edge Law as providing the

necessary machinery for increasing the number of foreign investors, but the effectiveness of this machinery remains to be tried.

Discussing the attitude of America toward the countries of Continental Europe, the "Chronicle" says:

"Let us venture on a parable. A rich man, clad in furs, stands outside a baker's shop, jingling money in his pocket. By his side stand half a dozen war-cripples, some armless, some legless, all penniless. They have lost their limbs in a war, which has made his wealth and secured his freedom, and they implore him for food. 'There it is,' says he, pointing to the loaves in the shop; 'go in, and pay for it yourselves. Why not? Don't you see I always pay for mine myself?' Comment on that rich man's attitude seems almost superfluous."

The parable representing the United States as the rich man, indifferent to the starving and crippled of Europe, seems beside the mark. If charitable appeals were again made, they would receive a ready and willing response here as they have in the past. But the problem far transcends the limit of charity. The industries of Europe need re-starting, and this is a matter of business, not charity. Should the United States fail in doing its part in the work of restoring prosperity to Continental Europe it would miss an unusual business opportunity. Probably the sooner the attitude represented in this parable is discarded, and the problem attacked from a business standpoint, the more quickly will some definite results be reached, since neither national nor individual mendicancy constitutes a good recommendation for credit. At the best much time and patience will be required.

Presidential Possibilities

ALTHOUGH THE BANKERS MAGAZINE is in no sense a party organ, it nevertheless feels in common with the people of the country a deep interest in the probable nominees of the two leading parties at the conventions which are soon to be held.

While no definite statement has as yet come from President Wilson in regard to his attitude towards a third term, it is hardly deemed probable, in view of the traditions against a third consecutive term, and considering the state of the President's health, that he will again be a candidate for reëlection. Should this assumption prove correct, it will leave a free field for the other candidates who aspire to the Democratic nomination.

While many seem to believe that Bryan had withdrawn permanently from the political arena, his reappearance of late has

dissipated this idea. Mr. Bryan is back in politics with all his old mental and physical vigor, and his evident determination to take a strong hand in shaping the policies and in naming the candidates who shall lead the party in the coming campaign is clearly manifest. Undoubtedly, the attitude taken by Mr. Bryan in the Democratic Convention of 1912 was responsible for the first nominaton of Mr. Wilson. It cannot be said at the present time whether Mr. Bryan's influence will be as strong in 1920 as it was eight years ago or not, but he will undoubtedly exercise a very great influence in the next national council of the Democratic Party and may even decide to force his own nomination. Whether he will be able to do this remains to be seen.

Mr. Bryan has been very seriously criticized for what some have considered as a desertion of his post in the State Department at a time when his services were greatly needed by the country, but in view of the recent differences between Mr. Lansing and the President, some doubts have arisen as to whether he did not find his position untenable on personal grounds. This, of course, is only a matter of speculation.

Mr. Bryan was frankly an advocate of peace and honestly did all he could to prevent war between this country and Germany. It is to his credit, however, that as soon as was was declared he took his place unreservedly on the side of his country. He has, moreover, shown great courage in dealing with various political issues and his personal and political integrity has never been subject to question. No doubt his influence was very great in securing the adoption of the Eighteenth Amendment to the Constitution of the United States whereby the traffic in intoxicating liquor was prohibited. The Nebraska statesman may find some difficulty in keeping his party in line with this policy as there are indications of a reaction against prohibition in various quarters and this reaction seems to be at present chiefly under Democratic leadership. In estimating this factor, however, it should not be forgotten that the Southern States have for some years leaned strongly toward prohibition and it is in these States that the Democratic Party finds its chief support.

Probably the man who stands the best show of receiving the Democratic nomination is Ex-Secretary McAdoo. He has the advantage of experience as a successful political manager, having been Chairman of the Democratic National Committee during Mr. Wilson's first campaign, and also has the further advantage of having had extensive experience with an important department of the Government during a very interesting period of the country's history. The general opinion seems to be that Mr. McAdoo, as Secretary of the Treasury, discharged the exacting requirements of his position with fidelity and rare judgment. He carried through the great fiscal operations of the Government during the war, not only

without a serious hitch of any kind, but made a really brilliant record. Heretofore the display of financial skill has been a quality which did not particularly appeal to the popular imagination, though it is difficult to understand why this should be so, since in no department of the Government does real ability count for more than in the handling of the country's revenues and in providing for the loans which are found necessary in time of war.

Mr. McAdoo is an aggressive political fighter and should he be nominated will undoubtedly make a vigorous campaign. With his close knowledge of Governmental affairs he will undoubtedly be able to give the Republicans several bad quarters of an hour. Whether he will be able to overcome what seems to be the prevailing drift away from his party is another matter.

Another Democratic possibility, not so much heard of, is Hon. Thomas R. Marshall, Vice-President of the United States. Mr. Marshall has some excellent qualities for the Chief Magistracy, among which are sound Americanism, good nature and a great deal of plain common sense.

Other candidates are Hon. A. Mitchell Palmer, the forceful and popular Attorney-General, and Hon. Robert L. Owen, United States Senator from Oklahoma, the latter a fearless champion of the political doctrines of his party.

On the Republican side there are numerous aspirants, including Senator Johnson of California, Senator Harding of Ohio, Governor Lowden of Illinois and Major General Wood. The latter will undoubtedly make a very strong appeal to the Republican masses on the ground that he was one of the earliest advocates of national military preparedness, and no doubt if his counsel had been heeded our expenditure in life and money on account of our participation in the great war would have been considerably lessened. At a time when there is considerable radical agitation and industrial unrest, a man of General Wood's quiet strength will be favorably looked upon for Presidential honors. He also has a record of having made good in the duties previously allotted to him and this will count much in his favor. If grievances were a good ground of political availability, General Wood has something very much to his advantage, for in the view of many he was unjustly kept from prominent service in Europe during our participation in the war. As General Wood is commonly regarded as having been very close to the late Colonel Roosevelt, both personally and politically, it is not unreasonably inferred that this will count greatly in his favor when his name is presented at the Republican Convention.

Governor Lowden of Illinois made a good record during his service in Congress and has also given his state efficient administration as Governor. He is personally popular and no doubt will closely

contest with General Wood and others for the honor of the Republican nomination.

Senator Johnson of California is very aggressive and a man of great ability. He also has the advantage of having been closely associated with Colonel Roosevelt and followed his political fortunes into the Progressive Party in 1912, having been the candidate of that organization for Vice-President.

While the list of Republican candidates could be more or less indefinitely extended, the names given comprise all of those who loom much above the horizon at the present time; but one can never tell what may happen between now and the date of holding the respective conventions, and it is not unlikely that someone who has not been mentioned above as the prospective candidate of either party may carry away the prize. It is just a little remarkable that at a time when momentous issues are at stake no dominating personality seems to have arisen in either party. In fact, that political leadership which would be of enormous advantage to the country at the present time appears to be lacking. The rather remarkable sentiment manifested toward Mr. Hoover, without much regard to party, is giving the old-time politicians serious concern. It is not inconceivable that a condition may arise rendering the nomination of a non-partisan candidate among the possibilities.

It is realized quite fully that the above political prognostications may not stand the wilting influence of the summer's heat. Quite often the political prescience shown far ahead of the conventions looks extremely silly when compared with what actually happens. Mindful of all these possibilities, the subject is nevertheless one about which interesting speculations may be indulged in even if they do not lead to any very definite and dependable conclusions.

Bank Values of Liberty Bonds

ACCORDING to a recent ruling of the Comptroller of the Currency banks that have bought Liberty Loan Bonds and Victory Notes at prices higher than those now ruling will not be required to report these bonds and notes at less than the price paid for them.

That this is a wise ruling, whether the banks take advantage of it or not, may be readily conceded. Of course, if a bank were called on to liquidate its holdings of these securities, it could not realize more than the market price, and in this sense it gives a fictitious value to the assets of the bank to carry these securities at the price paid for them. Doubtless there will be very few banks inclined to

part with these bonds at the present market prices and therefore they will not sustain any loss on this account.

If the present policy of the Government in reducing expenses and maintaining taxation is adhered to, while at the same time making considerable purchases of United States securities for the sinking fund account, there is no reason to suppose that the securities in question will long remain below par. Certainly, there is no doubt that when the obligations mature they will be paid in full.

While it is desirable that the statements of banks should reflect their actual condition, considerable inconvenience might result in some cases if the banks were required to report their security holdings at current market values, which not infrequently are far below the actual values. In periods of great depression, or occasionally when there is a general temporary slump in securities, values often fall quite below the normal level. This frequently affects securities of the soundest type and it would be hardly just to require the banks to make note in their statements of these temporary aberrations of the market. Generally, the banks are not in a hurry to sell while prices are below actual values, and since banks can usually acquire needed funds, either by reducing their loans, or by disposing of securities not affected by temporary fluctuations, there is no good reason why they should not be allowed to carry the Government bonds at the prices which were paid for them.

Whether the Government securities are to go back to par in the near future will depend, as above stated, upon the fiscal policy of the Government. At present there is a sharp contest between an element in Congress which wishes to reduce expenditure and another element, perhaps found chiefly in the Executive Departments, which resents this tendency. The sentiment of the country, so far as it can be ascertained from surface indications, seems to be veering to the support of a more economical programme in regard to Government expenditures. It remains to be seen, however, whether this tendency will persist if there is a change in administration after the 4th of March, 1921. The professions of economy might conceivably then give way to a more liberal disposition, inasmuch as, should Congress remain Republican, the money would be provided and expended through the channels of the same party.

Recent Treasury reports show some reduction of the public debt. The continuation of this policy will justify the Comptroller's ruling, for the value of the bonds should tend upward as the debt declines.

The Banker's Interest in Foreign Trade

What America's Export Business Means to the Country's Financial Interests

By O. K. Davis

Secretary National Foreign Trade Council

WHY are American banks and bankers vitally concerned in the maintenance and development of our foreign trade? Why should they be engaged in an energetic campaign to spread abroad information, among American producers and distributors, with the object of arousing interest in foreign trade?

The answer to the first question is obvious, at least to all those bankers who are now doing foreign trade business. One good answer to the second question may be made by the mere statement of the proposition involved in the first question.

UNEMPLOYMENT OF LABOR

The war and the events which accompanied and have followed it have done much to divert the attention of American producers and distributors from the conditions which obtained in this country immediately prior to its outbreak. For that reason it will perhaps serve a useful purpose to recall the fact that during several months of 1914 numerous public and charitable organizations in New York were engaged in collecting funds and materials with which to furnish work to men and women who otherwise were unable to secure employment. The wages paid for this work were ten cents an hour, and the situation became so acute that many of these organizations were unable to give more than five hours work a day to one person.

It was the recognition on the part of certain far-sighted leaders of American industry that these conditions were certain to exist in this country very soon which led these gentlemen, early in 1914, before there was any open hint of the possibility of a world war, to call the First National Foreign Trade Convention, and to organize the National Foreign Trade Council.

The National Foreign Trade Council was formed for the purpose chiefly of promoting the spread of information among all classes of Americans as to the direct and immediate concern to them of a substantial improvement in our foreign trade, and of the development and maintenance of a sound national foreign trade policy.

NATIONAL SERVICE IN FOREIGN TRADE

These gentlemen saw clearly the fact, which is yet all insufficiently recognized in this country, that there is an element of great national service in foreign trade, and that its proper conduct is of much more importance and has much more meaning than the mere making of profit by the relatively few who are directly engaged in it. These gentlemen saw our foreign trade as a substantial element in the stabilization of domestic industry and the maintenance of domestic prosperity. They understood that an expansion of our sales in foreign markets would furnish prompt relief from the stagnation then obtaining in domestic industry and afford permanent and full employment to all our people.

The huge demand for American products, resulting immediately from the war, served at once to bring to the attention of the American people generally certain of the advantages of foreign trade. But the long duration of the war, and the consequent exhaustion of reserve stocks throughout the world, has tended to obscure the vision even of many of those who only a short time ago saw the situation clearly. It is not necessary to point out in detail here how this exhaustion of the world's reserve stocks was accomplished. The

withdrawal of twenty-five or thirty million or more men from active production was one great influence. The greatly increased consumption, by these same men, of the output of the greatly lessened number of producers was another important influence. The natural waste of war was another one. The result is now clearly and generally recognized.

THE DEFICIT IN PRODUCTION

But the world is still very far from making adequate efforts to repair this wastage of war and to overtake this deficit in production. The psychological reaction, naturally resulting from the long strain of war, has inevitably lessened greatly the ratio of production per unit of labor in those countries not directly affected by the fighting. And the destruction of plant and material, in the territory where the actual fighting took place, produced an effect which cannot be overcome for a long time.

In this country the situation is peculiar and contains elements of positive and great danger. Our situation is not like that of any other country, belligerent or neutral. The United States, particularly after our own entry into the war, became the great source of supply for all war materials for the allied nations. The expansion of plant capacity and productive possibility was stimulated enormously by all possible means. Every effort was made to overcome, through the use of mechanical devices, the withdrawal of from three to five million young men from our own agencies of production, for military service. But prior to the war the productive possibility of this country was such that we were able to export, in the fiscal year of 1913, three-quarters of a billion dollars' worth of finished manufactures. In other words, we were then producing a substantial surplus beyond the consumption power of the domestic market. It is undoubtedly true that the power of consumption of the United States has increased substantially as a result of the war. But it is also undoubtedly true that the expansion of productive possibility has more than kept pace with this increase in the power of consumption. Moreover, since the signing of the armistice, this expansion of plant has gone on at a very rapid rate.

The result is that the productive possibility of the United States to-day is



O. K. DAVIS
Secretary National Foreign Trade Council

undoubtedly very substantially in excess of its power of consumption. Certain circumstances naturally resulting from the war tend, however, temporarily to cloak this fact and to conceal the true situation. The demand on our producers to-day comes not only from the domestic market but from all the world. Both in the domestic market and in the rest of the world, it is an abnormal and temporary demand, due first to the war-caused exhaustion of reserve stocks, and second to the increase in currency in circulation in all the belligerent coun-

tries—the inflation produced by the methods of war financing.

Estimates and opinions vary as to how long this temporary abnormal demand will continue. The belligerent countries of Europe are coming back into production. It is reported that Belgium has already attained eighty-five per cent. of her former productivity; Great Britain is fast re-establishing herself, as the mounting figures of her export trade month by month disclose. The significant statement issued by the packers at Chicago recently, to the effect that the export trade in meat had already ceased entirely is but one indication of the manner in which Europe is progressing. The figures of the immigration into the United States, showing a steady increase, furnish a significant indication of our own future.

REVERSAL OF OUR FOREIGN TRADE POSITION

Prior to the war the United States maintained as a usual thing a substantial surplus of exports over imports. The years when this surplus fell below a certain figure were marked by stagnation of industry and hard times. This surplus of exports went abroad chiefly to pay the interest on capital which we had borrowed from Europe. Now that situation is reversed. We have paid our debt to Europe and lent her sums aggregating between twelve and fourteen billions. When conditions return approximately to normal we shall inevitably be importing in excess of our exports, and that surplus of imports will represent the interest on the loans we have made to Europe.

These imports will come into a market which, as has been shown, has a capacity to produce substantially more than it can consume. What will be the result? One of two things. Either we shall find markets abroad for the surplus we are capable of producing or we shall cease to produce it. But if we cease to produce it, the experience of 1914 and altogether too many other similar periods teaches us exactly what the result will be. Instead of strikes by unskilled labor for an increase of wages from five to six dollars a day, we shall have soup-houses and breadlines, and men clamoring for five hours work a day, at ten cents an hour.

BANKERS VITALITY INTERESTED

There is no need to point out to any bank or banker—wherever located, in an inland village or a seacoast city, and doing a narrowly restricted domestic business or a widely extended foreign business—what his interest and concern are in avoiding the recurrence of such a situation. It is up to them, as never before, to exert every effort and influence to maintain and develop our foreign trade.

Buying a Bank's Supplies

How the Purchasing Department Operates and How it Helps to Cut Down Costs

By A. Curtis Schlegel

Manager Purchasing Department Marine Trust Company, Buffalo, N. Y.

IN writing an article on the purchasing department, of course, we have in mind strictly a banking institution. The purchasing of fixtures, equipment, supplies, etc. for banks is usually taken care of by the heads of the various departments. Only recently in most cases, has the installation of a purchasing department been considered an asset to the bank. Many institutions of size have yet to develop a satisfactory arrangement on this important subject.

The purpose of this department is not only to concentrate buying, but to attain the best perspective possible on the necessities of the various departments and to look into the new kinds of bank equipment which are continually being placed on the market. Although it is seemingly outside of banking, yet a man best fitted for the head of such a department must have banking experience beside the other qualities necessary to purchasing ability. This department is especially essential where an institution has branches to contend with.

This article not only deals with the purchasing of equipment, but also with the filling of requisitions of supplies for the clerks and officers of the institution and the various branch offices.

The general supplies of the institution are under the supervision of the purchasing department from the time they are put into the stock room until they are disposed of throughout the institution. The machine equipment and furniture is continually under the surveillance of the department, and with reference to the latter an inventory is taken every six months. This inventory seems a splendid check in many ways and presents a good opportunity to become acquainted with the general qualities of the equipment.

The subject of machine equipment is one in which most institutions are entirely at sea. We have in our office a complete record of each machine, the department in which it is located, the year it was purchased, the original price, repair costs and all the necessary



A. CURTIS SCHLEGEL
Manager, Purchasing Department, Marine Trust Company, Buffalo, N. Y.

data. This information can prove to our own satisfaction the life of a machine in our office. Salesmen will tell you that their machine will outwear a competitor's machine. It depends largely on the conditions and this record gives us just that information.

Along the line of machine statistics

NAME ADDRESS

DATE ORDERED	DESCRIPTION	QUANTITY	@	AMOUNT	DATE PAID	REMARKS

All supplies ordered are recorded on these cards, thus giving a complete history of each transaction

our records have been compiled further into such a complete separate record of all the equipment, including machines, furniture, etc. which is not included as total deductable expense under the income tax laws. This record shows the original price of the machine, the day on which the invoice was paid and this is verified by our expense voucher. The percentages which we are allowed to charge off each year are spread over its respective area so that at the end of any year we are able to point out definitely the amount of expense which we are allowed to deduct from our tax report. This is of special value when it comes to an examination.

It is well to standardize on machine equipment, but how is the banker to know whether or not he is adopting the correct equipment? Just go through your office today, list up your machines, find out a little of their history and you will not find it difficult to know which is giving you the best service.

In purchasing machines we have usually found salesmen are easily surprised. It has often been our policy to get a quotation on the price of one machine. When the price was finally set on this machine an order for an additional number is given and we have often found that the price is considerably lower. In this way we can find out very quickly just how elastic the price on machine equipment is. Fortunately it is not our policy to deal with many of these elastic price salesmen. The best machines on the market have only one price. As we have equipped our offices with what we have found the very best of machinery, the prices have been stipulated and in every case that price is paid. In this way one gets just what is paid for.

One can readily appreciate that the highest degree of efficiency can be maintained in machine equipment if a real mechanic is employed by the company to repair and generally overhaul the machines when necessary. Ordinarily it is almost impossible to get immediate service from the outside, and if you have such a man in your office you can readily appreciate the convenience to say nothing of the minimum expense. Much money is needlessly wasted each year on machine repair.

Possibly one of the most annoying and also one of the most pleasant duties of the Purchasing Department, is the entertainment of the different agents and salesmen who come to display their wares. It has always been the policy of this department to entertain all of them and give them an opportunity to submit what they think is necessary to the development of our institution. Ordinarily they seem to present a sort of an annoyance, but often, while no direct bargain has been made, the talk with them gives one a different view of the way things are handled in their own institutions, and many splen-

did ideas have been developed by listening to a salesman.

In dealing with stationery, it is well to develop relations with a reliable house that can furnish the several little items which are necessary from time to time without the necessity of going around shopping. It is well to get bids but you will find that in reliable houses the prices are pretty close.

Books, magazines and periodicals are necessary in the banking establishment, but, who in the institution knows where they are, what they cost, whether they are contracted for or whether an exact account has been kept of these various articles. This is an important item as it is the policy of many inferior publishing houses to send their magazine or paper to various banks for a period of three to six months and at the end of that time send them a statement for this publication. Usually the party O.K'ing these expense bills is not certain as to their receipt, never looking into their value and perhaps to prevent an argument the bill is O.K'd and paid. This we know is true of many of the larger banks in the country.

Printing, of course, is probably one of the largest items. Most successful business houses realize strongly that they are judged by their stationery. Their advertising too, is their printed personality. It is good business to plan your printing. Of course, occasions arise when necessity is a matter of hours—or minutes. But the planned printing program takes care of that automatically. Every item printed carries its touch of individuality, its distinctiveness, its personality. This subject is a study in itself. We have developed what we think a decided asset to our institution along this line. For instance forms are made up on electros, placed on cylinder presses anywhere from four to eight forms on the same electro. When these presses are working, one can readily appreciate that we receive the benefit of a full revolution of the press and our paper is cut to no waste. This we found has more than cut our printing bill in half and at this writing it is hard to estimate just how much has been saved.

It is often the case that one department will submit a form for printing or ruling which they have devised to meet their particular needs. If one is familiar with the stock, two or more forms may be compiled which are used in several departments and which will answer the same purpose. We have found this to be the case in a number of instances and even in the stock on our shelves at the present time we find many forms which can be combined very easily. We have found that splendid results can be obtained by replenishing the stock at the printer's dull time of the year. In this way more pains are taken and prices are lower and service better. This tends toward a decided advantage both for the printer and for the institution. It is the custom with

Serial Number_____

Make_____ Style_____ Carrage_____ Type_____

Date ordered_____ Date Received_____ Order No_____

Ordered by_____ For_____ Department_____

Transfered to _____ Date _____

Transfered to _____ Date _____

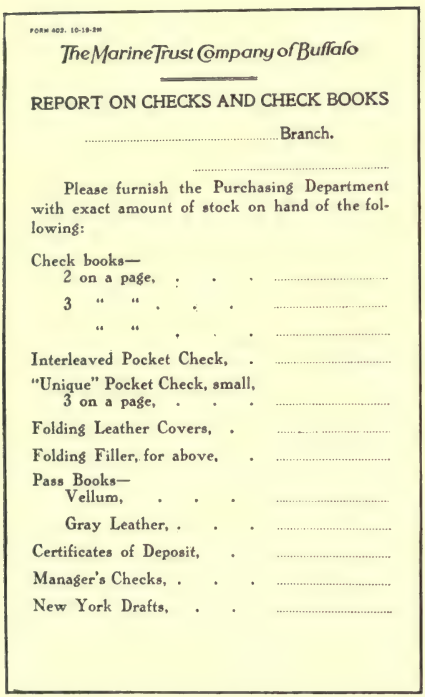
Transfered to _____ Date _____

Traded out_____ 19__ To_____ Allowance_____

To apply on order_____ Covering machine_____ Number_____

This form tells the life history of machinery used in the bank. This enables the purchasing department to keep track of results obtained from different makes and models

many firms to discard and throw into the waste all the old forms. We have been able to salvage hundreds of dollars worth of this stock and in every case where a form is discarded, if the quality of paper is at all good, we make use of this stock printing various forms for inter-office work and also using a great amount for scribbling paper.



FORM 602. 10-19-28

The Marine Trust Company of Buffalo

REPORT ON CHECKS AND CHECK BOOKS

.....Branch.

.....

Please furnish the Purchasing Department with exact amount of stock on hand of the following:

Check books—
2 on a page, ...
3 " " . . . .
" " . . . .
Interleaved Pocket Check, ...
"Unique" Pocket Check, small, 3 on a page, ...
Folding Leather Covers, ...
Folding Filler, for above, ...
Pass Books—
Vellum, ...
Gray Leather, ...
Certificates of Deposit, ...
Manager's Checks, ...
New York Drafts, ...

Branch banks report on this form to the purchasing department on the amount of supplies on hand

It is policy to arrange the forms if possible to cut out without waste. This is often very easily accomplished by adding an inch or taking off from a particular sheet and we could cite many an instance where we have been able to print forms without a particle of waste.

Possibly the largest printing item is that of checks and check books. This is a subject which is ordinarily left to the discretion of the lithographer. Quantity in this commodity makes quite a considerable difference in the price. The subject of imprinting checks for particular customers has necessitated the carrying of additional stock in the ordinary bank, with what is termed the panel end on the check wherein the name can be printed. We have found it policy to eliminate 48 different styles of checks in our several offices, by making our plates so that each check has on it the panel end. This does no harm to the general circulation of the check and if a man would like his name on the check, we always have that style available.

In the average purchasing department very little is known of paper. This is a life study in itself. The mistake is very often made of putting an inferior quality of paper on a short run. On the short run one can well afford to use good paper or at least as good as the job will warrant, and reserve the careful picking of paper when it comes to large sheets and large runs. We have found that in the majority of cases the matter of stock is left almost entirely to the printer's choice. In dealing with ruling jobs it is well to deal direct with a ruling house and not handle it through a regular printer, and even in submitting a proof one can save much on the set-up if a correct copy of the ruling can be given to the ruler. This is an instance where the T Square ruling pen comes in very handy.

One good policy to follow is to prohibit as far as possible the developing of rush orders; that is not to allow the stock to deplete to such a state where it is necessary to place a rush order in order to replenish a commodity before it is entirely depleted. We have found in this connection that a little system and a few records are necessary. For instance, with the number of branch offices which we have, it is almost impossible to keep a supply of all the forms of stationery which are essential to these branches in our stock room at the head office. It therefore becomes necessary to receive reports on these commodities each month from the various branches. In this way when these reports are compiled in the proper form,

one can tell at a glance just about how long the stock which they have on hand will last them.

Another benefit derived from these reports is that in developing an order which is essential to one branch, one can easily run up quite a good sized order by replenishing the stock of some of the branches which are not entirely in need of that commodity. Better prices are to be had when quantities are ordered. Of course, in order to take advantage of a system such as this, all the branches and the head office should be systematized, using practically the same kind of equipment.

Much of the detail which has made a success of this department has been omitted in this article. It is sufficient to say that no item is too small to analyze especially if it pertains to an article which is continually being purchased. It is surprising to find out just how much can be accomplished along this line if the figures are spread out over a year.



A Co-operative Insurance Club

Banks and Insurance Men Combine to Encourage Thrift

IN UTICA, N. Y., Charles D. Jarvis has been instrumental in the organization of a coöperative Insurance and Thrift Club. Mr. Jarvis is secretary and treasurer of the Herkimer County Trust Company of Little Falls, N. Y.

"The Coöperative Insurance and Thrift Club of Utica," says Mr. Jarvis, "was organized due to a desire on my part to see if it would not be possible to have working together two of the most important forces in the life of a man—(1) comfort in his old age; (2) protection for his family.

"Too many banks advertise 'save,' 'be thrifty,' but fall short in their complete selling psychology in not offering a concrete simple method of accomplishing the result.

"An abstract appeal to save never 'gets across.' The success of a concrete appeal to save is best exemplified by the splendid growth of Christmas Banking Clubs, which offer an easy plan, and above all a definite goal or purpose.

"And so developed the idea of the Coöperative Insurance Club of Utica. The idea is to issue a card to be distributed by the 100 or more solicitors of Utica to insurance prospects, as well as to those who already pay premiums and find it difficult or inconvenient when premium payment day arrives to raise the necessary funds. The text of the card reads as follows:

CO-OPERATIVE INSURANCE SAVINGS CLUB

Date.....

"I, ..., residing at....., desire to become a member of the Co-operative Insurance Savings Club and hereby resolve to deposit every week (month) in..... ....., the amount checked below.
Solicitor's name..... ..., with .....Insurance Co.

Weekly Deposit				
Monthly	50c	$1.00	$2.00	$5.00

Sponsored by the Utica Banks and Trust Companies co-operating with the Life Underwriters' Association of Utica."

"In other words, this plan is meant to offer a systematic plan to accumulate sufficient funds to make a first premium payment and to enable also present policy holders to anticipate their premium by opening a special insurance savings account.

"The insurance solicitors turn in the signed cards to the bank indicated. They also follow up prospects and this keeps the bank idea constantly before

the prospect. The bank can carry the account in its club department or in its regular interest department. As far as the bank is concerned the account is no different from any other savings account except that it possibly has a stronger and more continuous appeal to keep adding to the steadily growing sum.

"The plan will fail unless both banks and insurance solicitors coöperate through intensive advertising and definite follow-up methods to keep the idea new and interesting. It would not be a bad idea if a national plan of coöperation extending over a year could be developed through the combined financial and publicity strength of the entire banking and life insurance organizations of the United States."

Following is the text of an advertisement in the local press by the Life Underwriters' Association of Utica:

LIFE UNDERWRITERS ASSOCIATION OF UTICA

Utica, N. Y., Jan. 19, 1920.

To the Public:

This week has been designated as National Thrift Week, during which time everyone concerned in making financial provisions for their future will be interested. All the Utica banks are coöperating with the Life Underwriters to provide for the payments of Life Insurance premiums. It is called the "Coöperative Insurance Savings Club."

The plan is that you go to any bank in Utica, make arrangements for a weekly or monthly deposit, in an interest-bearing savings account, of a sufficient amount to pay a semi-annual life insurance premium at the end of six months—the amount of your deposit depending upon your age, the size and form of the policy for which you wish to apply.

Information regarding the deposit necessary can be obtained at any bank or from any member of the Life Underwriters' Association.

The advantage of this plan can be enjoyed by the old policy holders to pay the premiums of their present life insurance as well as by any one anticipating taking out their first, or additional, life insurance.

The cut appearing at the top of this space is a fac-simile of the one which will appear in the advertisements of the various local advertisers during Thrift Week.

We desire to take this method of thanking the concerns who so generously coöperated with us by allowing the cut to appear in their respective advertisements during the week. Their best wishes for the success of the campaign is evidenced by their coöperation.

Our appreciation is twofold.

LIFE UNDERWRITERS ASSOCIATION OF UTICA, N. Y.

Thrift Based on Family Effort

THE family group as the economic unit for saving and thrift, rather than the individual depositors in the savings banks, is the basis for certain new phases of savings banking.

The object is evident. Not only does it emphasize the value of a family budget as was emphasized by the banks during the recent National Thrift Week, but it leads to a better understanding between the various members of the family on money matters. Considerable experience is now available in savings banks of Cleveland and Pittsburgh where calls for information on home economics are averaging over 100 per week in each city. In Maine an expert is operating under the auspices of the State Chamber of Commerce and Agricultural League, being at each of the coöperating banks during two days in each month.

The American Bankers Association, Savings Bank Section, announces a special investigation of this recent departure from custom and is formulating plans for its extension to other banks through the following committee appointed by S. Fred Strong of New Haven, president of the Savings Bank Section: W. D. Longyear, chairman, vice-president Security Trust and Savings Bank, Los Angeles; E. K. Satterlee, vice-chairman, president Franklin

Savings Bank, New York City; Howard Biddulph, treasurer Bloomfield Savings Institution, Bloomfield; Joseph R. Noel, president Noel State Bank, Chicago; Louis Betz, treasurer State Savings Bank, St. Paul; C. J. Obermayer, president Greater New York Savings Bank, Brooklyn; John W. B. Brand, treasurer Springfield Institution for Savings, Springfield, Mass.; John P. Kirby, president Provident Savings Bank, Estherville, Iowa; Leo Day Woodworth, secretary, 5 Nassau street, New York city.

In commenting upon this additional service by the American Bankers Association, President Strong refers to the very evident need for the closest possible coöperation between all the members of the family circle and to the very evident neglect in the past of the need for enlisting the active interest of the women in the homes. President Strong continues:

"The purpose and function of savings banking is becoming more evident from year to year. The need for institutions devoted to the collection of savings and to their investment in long-term low-rate securities for the support of industries and commerce as well as for the financing of the Government, was never more evident. The performance of this function has been greatly facilitated by the rapid increase in deposits which is being reported by savings banks in all parts of the country.

"Aside from their strictly business features, the savings banks have certain public service aspects which now are being emphasized. We may refer to the promotion of school savings, the development of savings systems in industrial plants, and the further expansion of work in home economics. None of these services can be expected to be profitable in dollars and cents to the bank, although they may be of incalculable value to the individuals and families concerned.

"On the other hand, there is no element in our community life which has a deeper interest in this type of public service than have the banks. Furthermore, it offers a most desirable field for expenditure of funds available for general publicity and perhaps the bank, less than any other institution organized for profit, looks to its publicity and advertising for direct results.

"It is the purpose of the Savings Bank Section to develop the work in home economics by its member institutions, both active and associate. Many inquiries are already being received. The Section has the assurance of hearty coöperation from all parts of the country."

The function of the home economics department in up-to-date savings banking is thus indicated in a booklet from a savings and trust company in Pittsburgh.

A bank should be more to the citizens of the community than a place for the mere depositing and withdrawal of money. The relation between the banker and the individual should be as close and as confidential as the relation between physician and patient.

Thousands of people visited our banks for the first time when they came to make payments on their Liberty Bonds. In many cases it was their first trip to any bank. They were interested. They wanted to know things. Yet often they were afraid or ashamed to ask. The questions that they did ask, simple as they were from the viewpoint of the banker, proved that the rank and file of industrious men and women have had neither the time nor the opportunity to learn the many ways in which a bank can be useful to them in their every-day living.

The Home Service Department has been established largely to encourage people to ask questions—to offer practical suggestions about the business of getting along in the world; to answer questions, however simple, about their financial affairs, and to help them budget their income and so make spending more than a mere matter of impulse.

The direct benefit to the particular institution is of secondary importance. Whatever helps the community helps every individual and organization in the community.

The Country Banker and the Credit Man*

By A. G. Wedge

BOTH country bankers and credit men are primarily interested in credits. There is, however, this distinction between them that credit men are interested in extending credits to responsible customers and to have the collection of the credits made at the least possible cost, while the banker must not only extend credit, but obtain a direct profit in the service features of his business.

It is human nature to rebel at a direct open charge and the profits of the wholesale merchant are concealed in the cost of the goods sold, while those of the banker are apparent in each transaction. There seems to exist a belief that a country bank has some unknown mysterious source from which its earnings arise. In stead, all earnings accrue through direct profits, frequently in the collection of small items.

Take a $10,000 bank with $50,000 deposits or under, of which there are at least two hundred in the state of Minnesota alone. Gross annual earnings, including interest charges, fire insurance commissions, exchange on checks and collections, would amount to $5,400, with expenses conservatively estimated at $4,000. This would leave net earnings of $1,400 or twelve per cent. on capital and surplus, out of which unusual expenses, losses and depreciation must be met. The elimination of exchange on country checks would reduce these earnings by at least $600, leaving only $800 or earnings of less than seven per cent. This surely nobody will say is commensurate with the careful management a bank requires.

At least fifty per cent. of the merchants' accounts in small towns where a bank of this character does business are unprofitable. The merchant, relying on his personal relationship with the cashier, frequently demands privileges which would not be accorded him on reasonably strict business standards. He frequently anticipates his sales, drawing against the funds he expects to deposit in the next two or three days or postdates his checks when crowded for settlement by the wholesale houses. Therefore, while the jobber is making a profit through his transactions with the merchant, the small country bank is frequently handling the merchant's account at a loss except for the exchange received from country checks.

Let me ask the credit man how much would the price of merchandise sold by his house be lowered to the country merchant by eliminating an exchange charge made by the bankers of say 25 cents on each $100 item? You concede that all business is entitled to a profit. Why not that of the country banker's in handling the transfer of funds in this manner?

There are three ways of transferring funds: First, either through the express company by actual shipment of currency or purchase of express order; second, through the postoffice in the same manner; third, by the use of the bank check which shifts the burden of transfer upon the country banker. In each of the two first mentioned methods a direct cost is paid to the express company and postoffice. Why should the banker be expected to work without compensation?

Drafts drawn by jobbers on the country merchant have also been a source of annoyance to the country banker. Until recently no fee was forwarded with the draft to cover the cost of entering, presenting and returning same. At least two-thirds of all drafts not accompanied by bills of lading were refused by the country merchant, although they frequently answered the purpose of dunning the merchant for the payment of his bill in such manner that he immediately forwarded his check

*From a speech delivered before the Credi Men of St. Paul.

in settlement to the jobber. It has now become customary to request that 15 cents be sent with each draft as a fee to cover the entering and presenting of the item. That fee entitles the credit man to prompt and reliable service on the part of the country banker. I have no excuse to offer for the banker who does not recognize the responsibility and who does not attempt at least to earn the fee he has received. Unless such a fee is sent I do not feel, however, that the credit man's drafts on the delinquent debtor will receive much attention. Where special service is required on particularly slow debtors the credit man should be willing to compensate for such service rendered. The fee would be small compared with that charged by an attorney for making the collection.

In replying to requests for credit information the country banker should be paid for his services and 25 cents is becoming recognized as the fee for an unbiased comprehensive report. Such report should be clearly expressed and give the best information at the command of the banker. Such report not given as an accommodation to the country merchant, but is of direct service to the jobber who should expect to pay for the services rendered. The bankers' associations will not countenance misleading reports or the collecting of fees for inadequate reports submitted by the country banker.

Instead of any latent antagonism existing between country bankers and credit men due to the elimination of exchange on country checks, there should be the most cordial feelings of mutual interest, first in the education of both bankers and business men to higher standards for themselves, and again, in the education of their customers by encouraging better bookkeeping methods, the liquidation of current liabilities promptly, and discouraging of investments by country merchants outside of their business, a process that reduces the capital required to conduct their legitimate business. The result would be better bankers, wholesale merchants and country merchants with credits extended upon a better basis and under more stable conditions.

The coöperation of jobbers and bankers with producers has contributed to the development of our country. The country banker is the buffer between jobber and country merchant. Does the credit man need his services? If so, is he not entitled to a compensation for the special services he cannot render except at a considerable cost?

Adventures in High Finance

THERE is no way in which one can so surely arouse the suspicions of bankers as by trying to put some money in their hands. We went round to a nearby bank hoping to open an account. As we had formerly dealt with an uptown branch of the same institution, and as the check we wanted to deposit bore the name of a quite well-known firm, we thought all would be easy. But no; it seemed that there was no convincing way to identify ourself. Hopefully we pulled out a stack of letters, but these were waved aside. We began to feel more and more as though we had come with some sinister intent. We started to light our pipe, and then it occurred to us that perhaps that would be regarded as the gesture of a hardened cracksman, seeking to appear at his ease. We wondered if, in all our motions, we were betraying the suspicious conduct of the professional embezzler. Perhaps the courteous banker was putting us through some Freudian third degree . . . in these days when the workings of the unconscious are so shrewdly canvassed, was there anything

abominable in the cellar of our soul which we were giving away without realizing . . . had we not thought to ourself, as we entered the door, well, this is a fairly decent check to start an account with, but we don't keep our balance anywhere near that figure . . . perhaps our Freudian banker had spotted that thought and was sending for a psychological patrol wagon . . . well, how could we identify ourself? Did we know any one who had an account in that branch? No.

We thought of a friend of ours who banked at another branch of this bank, not far away. The banker called him up and whispered strangely over the phone. We were asked to take off our hat. Apparently our friend was describing us. We hoped that he was saying "stout" rather than "fat." But it seemed that the corroboration of our friend only increased our host's precaution. Perhaps he thought it was a carefully worked-out con game, in which our friend was a confederate. We signed our name several times, on little cards, with a desperate attempt to appear unconcerned. In spite of our best efforts, we could not help thinking that each time we wrote it we must be looking as though we were trying to remember how we had written it the last time. Still the banker hesitated. Then he called up our friend again. He asked him if he would know our voice over the phone. Our friend said he would. We spoke to our friend, with whom we had eaten lunch a few minutes before. He asked, to identify us, what we had had for lunch. Horrible instant! For a moment we could not remember. The eyes of the banker and his assistant were glittering upon us. Then we spoke glibly enough. "An oyster patty," we said; "two cups of tea, and a rice pudding which we asked for cold, but which was given us hot."

Our friend asserted, to the banker, that we were undeniably us, and indeed the homely particularity of the luncheon items had already made incision in his hardened bosom. He smiled radiantly at us and gave us a checkbook. Then he told us we couldn't draw against our account until the original check had passed through the Clearing House, and sent a youth back to the office with us so that we could be unmistakably identified.

As we left the banker's office some one else was ushered in. "Here's another gentleman to open an account," said the assistant. "We hope he knows what he had for lunch," we said to the banker.—Christopher Morley, in the *New York E ening Post.*

Keeping a Record of Personnel

By C. W. Beerbower

PRESENT day methods of efficient bank control, require the busy bank executive to have at his finger tips, for Government Reports, profit sharing plans and for consultation when promotions are being considered, etc., an accurate and concise record of each director, officer and clerk. For these purposes the Forms shown in Figures one and two have been found convenient and satisfactory. Each form is 5⅜ and 8½ inches and is punched for a standard ring book binder. Figure one is for the record of the Directors, including their attendance at Directors Meetings. It is printed on white paper. Figure two is for Officers and Clerks and is printed on buff paper. With this color scheme both records may be kept in the same binder and quickly distinguished. Form two provides useful information about each officer and clerk, with spaces for entering salary by the month and by the

Name Richard Doe — Address 125 Pennsylvania Ave
Age 16 years — Date of Employment Jany 1, 1919 — 'Phone No. 456
Last Employed at Biddge Dry Goods Co — Reference John Biddle
Memo. Parents live at Star, Va.

YEAR	1919	1920	1921	1922	1923	1924	1925
Salary a Month	$50.00						
Salary a Year	600.00						
Salary a Month	75.00						
Salary a Year	900.00						
Increase	25.00						
Additional Compensation	100.00						
Position	Runner						
Vacation	Jun 1-15						
Days Absent	Aug. 3-8						
" "	Dec. 1-2						
" "							
" "							
	○			○			○

This form shows a convenient method of keeping a record of a bank's employees

year covering the semi-annual periods, with space to show any increase in salary and additional space for any extra compensation, as at Christmas. Space is also provided for entering position held, time of vacation and days absent during the year, and any other data.

Each form is arranged to cover an eight year period and will provide an indispensable record for present and for future reference purposes.

Director John H. Doe — Date Elected Jan 1, 19
Business President, Eclipse Oil Co.
Memo. Also director Empire Trust Co, Lynchburg — 'Phone No. 387

Year	1919	1920	1921	1922	1923	1924	1925
January	Jan 12 Jan 26						
February	Feby 8						
March	28 th						
April	11th 25 th						
May							
June							
July	27 th						
August							
September	15 th						
October	7 th 21 st						
November	10 th 24 th						
December	15 th 30 th						
	○			○			○

This form tells the whole story about a bank's directors and the board meetings they attend

The New Business Department

A Description of the Various Functions Performed by This Important Department

AN admirable description of the work of the Advertising and New Business Department is contained in an article by Amy Roettig, in *The Marine Trust News,* the monthly publication of the Marine Trust Company of Buffalo. Miss Roettig is manager of the company's advertising department and one of the best known financial advertising women in the country. The article follows:

Of first importance in assuming charge of the department was finding the keynote not only for the advertising, but for the institution itself. The success of our advertising was dependent upon our adherence to the guiding principles on which The Marine had been built to its present size and strength. After that it was a matter of developing new ideas for copy, new arrangements of type and cuts.

DISPLAY ADVERTISING

We draw upon every member of the department for ideas. Some of the advertisements are re-written several times before the desired result is obtained. Then effort is directed toward the proper interpretation of the idea in the printed advertisement.

After many months of experiment, we selected a standard style of type, signature and border. The printing establishment which sets the advertisements in type, allows the same men to handle the work continually so that no more of our time than necessary is expended in the mechanical arrangement. This close working association with the printer is responsible for the uniformly harmonious appearance of the advertisements.

We endeavor to prepare copy at least one month in advance. This gives us the advantage of perspective. An advertisement should not stand alone, but should be a specific part of a complete whole. By planning in advance, we can make the advertising perform its true function—supplement the work of the new business division. This allows also for timely advertisements of news value. These must necessarily be prepared at the last moment. For example, we might cite the NC-4 advertisement, which appeared in the newspapers simultaneously with the announcements of the plane's safe arrival overseas. Another example is the advertisement welcoming the King and Queen of Belgium.

CIRCULARS AND BOOKLETS

The same careful effort is expended in the preparation of circulars and booklets. Sometimes the copy is written by this department and then submitted for revision to the department interested in its publication. In the latter case we are called into consultation and attend to the production after the copy is put into final form. Particular stress is laid upon the selection of suitable paper stock, attractive illustrations and interesting readable type.

DISTRIBUTION

The distribution of advertising literature is handled by the supply division. Definite instructions are given for each order coming from the printer. These include date of promised delivery, mailing lists, enclosures, date for mailing and disposition of quantity left over.

PUBLICITY

Many of the activities of an institution, the size and character of The Marine, are of news interest to the reading public. Special stories are written of these activities for the daily papers and financial magazines. Those intended for the magazines are naturally written from a different angle than those for local papers. Every form of advertising has its effect upon the results obtained from the development of customers and prospects.

NEW BUSINESS

In the desire to meet the individual requirements of customers, The Marine has increased its facilities to such an extent that they embrace practically every service which can be rendered by a financial institution. The liberal arrangements for opening accounts at the branches give our services a broad general appeal. The problem, therefore, is to determine which service will be of most benefit.

For this we have developed a systematic follow up of customers and prospects. Customers, you will notice, are included. The reason is apparent. Rarely does a new customer transact business in more than one department. Accounts are generally

opened in the banking department. Then as the customer becomes better acquainted, he uses the services of other departments.

It is difficult to fully explain in this article the plan for the development of customers and prospects. The work is carried on in the records, stencil and correspondence divisions and in cooperation with the credit department.

PREPARATION

Each branch is assigned a territory with fixed boundaries. A street directory containing a list of the streets and numbers within these fixed boundaries has been prepared. In the records division, the names of selected prospects, residing or doing business within each branch territory are recorded on cards the proper branch color. There are two sets of cards, one in the possession of the branch manager, the other in the new business files. Before they leave the department, they are checked in the stencil division to determine whether or not the so-called "prospects" are doing business in any of the departments. Then they are approved by the credit department for solicitation on a non-committal basis. A similar follow up has been planned for the solicitation of banks.

THE FOLLOW UP

Special follow ups are planned to effectively solicit business for each department. When possible, a call is made first to ascertain the services which are likely to be of most benefit to the prospect. This is followed by a series of letters. A repeat call is made several months later. Seasonal campaigns are prepared, for instance, those for new accounts at the beginning of each interest quarter and in the spring for summer storage and safe keeping of securities. These prospects are on the regular mailing lists to receive the advertising literature.

KEEPING IN TOUCH

One of the essentials for success in our work is "keeping in touch"—the members of this department with each other—the branches with Head Office activities—and the entire institution with the public. To meet this situation in the department, a weekly conference is held. Here the important events of the past week are reviewed, suggestions offered, and future work planned. *The News Clip* furnishes the officers of the company a daily resumé of important events in the financial world. *The Branch Managers' Bulletin* informs branch managers of branch and Head Office activities. THE MARINE TRUST NEWS, published since May of last year, is the final link in the chain connecting the institution, directors and officers, employes and stockholders, with customers and the general public.

BOOKKEEPING

The bookkeeping has been simplified as much as possible. Only a few forms are used. One is the production order, printed in duplicate, for instructions to the printer. The weekly schedule sheet indicates the number and size of insertions in the daily papers, titles of advertisements and cost. Space orders are used for special copy given publications not on the regular schedule. A monthly re-cap is kept of all expenditures on the re-cap sheet. This is valuable in preparing the annual report and budget for the coming year.

APPROPRIATIONS

There has been found no fixed rule upon which to base an appropriation. Some of the larger trust companies devote 2% of the capital and surplus to this work; many small banks devote an amount equal to 10% of the dividends to such purpose. Another rule is to devote one-tenth of 1% of the average yearly deposits for the year just closed. The following figures compiled from our re-cap sheets show how the expenditures were divided:

BY DEPARTMENTS

	Per Cent.
Banking	17
Trust	13
Safe Deposit	05
General Publicity	34
Bonds and Investments	04
Statement Call	08
Marine Trust News	07
Equipment	02
Branches	10
Total	100

BY MEDIUMS

Newspapers	55
Magazines	03
Printed Matter	21½
Cuts and Engravings	05
Composition and Drawings	05
Postage	04
Church Papers, Programs, Directories and Subscriptions	03½
Photos, Frames, Signs and Miscelanny	03
Total	100



Observations of an Outsider

A Non-Banker Gives His View-Point on Banking Service

YOU know, since I got started on picking up these little items about banks I've learned a lot of things on the subject,—things which, on the whole make me have a great desire to "know" banks and bankers better. As I analyze this feeling I can't help wondering whether this isn't the heart and soul of the banks' advertising problem. When you get a man to thinking about your institution and get him to asking questions, you have got a flying start toward making that man a friend and customer.



All over the country the need of homes is insistent. Building has been below normal for four years. And yet I heard a sound, conservative real estate man say that the banks in his locality were doing little or nothing to correct this trouble. His complaint was that the savings banks showed a strong preference for the large loans and did not encourage the small "home" loans as much as they might. He said that the co-operative banks were doing all they could but that their means were limited. For a man who is not given to such moods, I found that he had a real "grouch" on. I couldn't help but wonder how near right he was. I know enough about building conditions to grasp the need of concerted action on the part of every factor in the problem, but I could not quite believe that the savings banks as a whole were neglecting the field for which, it seems to me, they were especially intended. I would really like to hear from some of the savings bank people.



Before the war, such subjects as foreign trade, trade acceptances, credits, etc., were of minor interest to the average young man. Conditions created by the war, together with the widespread publicity given these and kindred subjects by the press, have wrought a radical change in this attitude. I find that several banks have published booklets on these subjects, which are eagerly snatched up, and are proving splendid advertising for the banks.

A few days ago I overheard a businessman say "I see the..... Bank has taken Jones in as treasurer. He's the only practical banker in the whole outfit." Why is it that so often banks are started,—and seem to have little trouble in getting a charter,—by groups of business men, none of whom are experienced bankers? Then, as an afterthought, apparently, they add one lone but real banker to the outfit. If a new leather concern is started it is pretty likely to be made up of practical, experienced leather men, with perhaps a lone banker to advise on financial matters. Same with a new concern in any mercantile or manufacturing line. Not so in starting banks, however. Seems to me though that these

Prize Contest

READERS of The Bankers Magazine who are planning to submit papers in our prize contest for articles on banking are asked to register their names and addresses with the CONTEST EDITOR so that they may be informed of any postponement in the closing date for the contest or change of the rules.

CONTEST EDITOR
The Bankers Magazine
253 Broadway, New York

institutions as a class are short lived, —at least in their original form.

"Well, there's room enough for another bank in this neighborhod," said a bank man to me the other day, when he heard that a new bank was to be opened near him. Maybe he's right, but I'll bet that if the first one in the field had covered its immediate territory as carefully and as thoroughly as it might, thoughts of opening a new bank right in that spot would never have arisen in anyone's mind.

I understand that the A. I. B. is to hold its national convention in Boston in June. Boston will be glad to see them and they will be glad to see Boston. I have seen quite a bit of that A. I. B. I like the spirit of the organization. It is alive, from the president to the last private in the rear rank. It stands for good banking, the best of service, is an advocate of publicity, and aims to make men, good fellows and good bankers. I want to go to that convention, even if I am merely an "outsider looking in."

Investing Through the Banks

FOR real constructive value, the illustration presented herewith contains more genuine merit than reams of essays on the subject of investing and volumes against "get - rich - quick" schemes. These few words, strikingly presented, offer to the inexperienced—and indeed to all who are not experts in the matter—a sure and safe answer to all their doubts about where to place their surplus funds.

This suggestion rightly assumes that it is the business of the banker to know about investments, just as it is the business of the physician to know about disease and the means of preventing and remedying human ills, or the shoemaker to know about shoes.

Even where a bank has no bond department and does not handle securities, it nevertheless should know, and usually does know, what the values of securities are; for it usually makes some investments on its own account, or makes loans with bonds, etc., as collateral.

The banks of the country, being in direct financial touch with the people, and having their confidence, can do a work of inestimable value by helping to increase the number of prudent investors.

"When you invest, go to your local banker. He is your logical adviser in all financial affairs."

THE BANKERS MAGAZINE is indebted



This sticker represents the opening effort in a campaign to make the banker the investment adviser of the small investor

to Frederick L. Varney, manager of the service extension department of the Northern Trust Company, Chicago, for this sound and telling slogan. It isn't copyrighted, and banks may use it in their advertising matter in any way they see fit.

Established 1810

THE MECHANICS & METALS NATIONAL BANK

of the City of New York

20 Nassau Street

Capital, Surplus and Profits
$18,000,000

Deposits, Dec. 31, 1919
$274,000,000

THE highest character of service extending to all parts of the world, is placed at the disposal of our customers. We are amply equipped to handle your banking transactions, and offer our service to you in the assurance that it can be utilized in a thoroughly acceptable and efficient manner.



TO BANKERS

ARE your working quarters so arranged as to permit maximum service, and to enable you to take on additional business without confusion of effort?

Present day banking business requires modern banking facilities.

We are prepared to plan, construct and equip individual bank buildings, or bank and office buildings, or to remodel buildings or quarters for banks.

Write us concerning your building requirements, and we will outline in detail the "specialized service" which we offer to bankers who are considering the building subject.

FRED T. LEY & CO., INC.

BANK BUILDING DEPARTMENT

19 WEST FORTY-FOURTH STREET

NEW YORK

BOSTON
SPRINGFIELD

PHILADELPHIA
BUFFALO

Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts Upon Questions of the Law of Banking aed Negotiable Instruments

Damages for Bank's Refusal to Honor Check

Wilson v. Palmetto National Bank of Columbia, Supreme Court of South Carolina, 101 S. E. Rep. 841.

THE defendant bank refused to pay a check drawn on it by the plaintiff, in the mistaken belief that the check was drawn against insufficient funds. The plaintiff, claiming that his credit had thereby been injured, brought suit for damages and the jury awarded him $250.

The mistake happened in a peculiar way. The plaintiff had reduced the amount of his deposit by withdrawals until there was only the sum of $1 standing to his credit on the books of the bank. The account remained in this condition for some time and then the plaintiff made a deposit of $100. In some way the existing account was overlooked and a new account was opened in the plaintiff's name. Later when a check for $27, drawn by him, was presented by the holder, the bookkeeper turned to the account which showed a credit of only $1 and rejected the check as drawn against insufficient funds. As stated the bank was held liable in damages and on appeal the amount awarded by the jury was held not excessive.

OPINION

Appeal from Richland County Court; M. S. Whaley, Judge.

Action by J. W. Wilson against the Palmetto National Bank of Columbia. From judgment for plaintiff, defendant appeals. Affirmed.

Weston & Aycock, of Columbia, for appellant.

Graydon & Graydon, of Columbia, for respondent.

HYDRICK, J. Defendant appeals from judgment for plaintiff for $250 damages awarded to plaintiff by a jury of Richland county court for the refusal of defendant to pay a check drawn by plaintiff on defendant, notwithstanding plaintiff had on deposit sufficient funds to pay the same.

The refusal to pay the check was the result of a mistake brought about in this way: Plaintiff had an account with defendant in 1917, and had checked out all the funds to his credit, except one dollar. On October 18, 1918, he deposited $100. The existing account was overlooked, and a new account was opened. Thus plaintiff had two accounts on defendant's books. The check refused was drawn October 24, 1918, in favor of Maggie Wilson for $27, and was indorsed by her to one Campbell, who presented it at the bank on November 12th. The clerk to whom it was presented took it to the bookkeeper and asked if plaintiff had sufficient funds to his credit to pay it. The bookkeeper turned to the account which showed a credit of only one dollar, and replied that he had not, and the check was marked "N. S. F." (not sufficient funds) and returned to Campbell, who notified plaintiff of its dishonor. Thereupon plaintiff paid Campbell the amount of the check, and thereafter brought this action for damages.

Before drawing the jury, the court asked the jurors if any of them were related to plaintiff, or were employees or stockholders of defendant; also, if any of them were indebted to defendant. There was no affirmative response to any of these questions. Defendant objected to the last question and assigns error of prejudice in asking it, on the ground that the jurors may have inferred from the question that defendant was such a harsh creditor that it would take vengeance upon any of its debtors who should render a verdict against it. The inference suggested was neither natural nor probable. The most reasonable inference was that a

debtor might be biased unconsciously in favor of his creditor.

Whether the relation of debtor to one of the parties would be sufficient to disqualify a juror is not an issue. But, speaking generally, we may say that the parties to an action are entitled to a fair and impartial jury, and a trial court is to be commended for trying to secure such a jury. The question asked was not prejudicial.

On cross-examination of plaintiff, he was asked if he made any complaint to defendant, or notified it of its error in refusing to pay his check, or gave it any opportunity to apologize or make amends, before suit. Thereafter, plaintiff was allowed, against objection, to introduce in evidence a letter, dated January 11, 1919, written by plaintiff's attorney to defendant, to the effect that plaintiff had placed in his hands for adjustment, or suit, if necessary, a claim against defendant for damages for refusing to honor his check, and requesting prompt attention. The letter further stated that plaintiff had been injured in his credit and reputation and had been put to considerable inconvenience and annoyance. The court ruled that the letter would be admitted for the sole purpose of showing when defendant had notice of plaintiff's claim, and cautioned the jury not to consider it as evidence of the other statement therein contained.

The letter might have been excluded as irrelevant to any material issue in the case, and as containing self-serving statements of plaintiff; and, as it was admitted for a single purpose, it would have been better if only that portion of it had been read to the jury. But, as we must assume that the jury obeyed the instructions of the court and considered the letter only as evidence of the date when defendant was notified of plaintiff's claim, and as defendant had laid the foundation for the admission of evidence on that point by its cross-examination of plaintiff, as above stated, there was no reversible error in the ruling of the court.

The next assignment of error is in charging the jury that the damages awarded in a case like this should be something more than nominal; that they should be substantial, but temperate in amount. The error complained of is in the use of the word "substantial." It appears that "substantial" was used in contradistinction to "nominal"; that is, damages which are so small as scarcely to be entitled to the name, and such as are given for a mere technical invasion of a right, where no real or actual loss or injury has resulted. The authorities agree, and this court has held that, in a case like this, plaintiff is entitled to something more than nominal damages; but that the recovery should be temperate in amount. Lorick v. Bank & Trust Co., 74 S. C. 185, 54 S. E. 206, 7 Ann. Cas. 818. We do not think the jury were misled by the use of the word "substantial," because they were repeatedly told that the verdict for plaintiff must be "temperate" in amount, and, at the request of defendant's attorney, they were told that the word "temperate" means "moderate," and that, in determining the amount, they should consider all the facts and circumstances and say what would be temperate—what would be moderate. Too much refinement in the use of words, or in defining them to juries, is more apt to confuse than to enlighten them.

The verdict is not so large as to indicate that the jury were misled or governed by passion or prejudice.

Judgment affirmed.

Liability of Directors for Losses Resulting from Bad Loans

Woodward v. Stewart, Supreme Court of Georgia, 101 S. E. Rep. 749.

After the failure of a bank the receiver, at the instance of some of the stockholders, brought suit against the directors to recover the value of the stock, on the theory that the failure of the bank was due to losses on loans made by the cashier and that the neglect of the directors to perform properly their duties as such was responsible for the cashier's wrongful acts.

The bylaws of the bank provided that a finance committee, consisting of the president, cashier and three directors, should have the power to discount and purchase bills, notes and other evidences of debts and to buy and sell bills of exchange. It was also provided that the finance committee should have the power to authorize the cashier to make loans on his own judgment for sums not exceeding $250.

The receiver claimed that the directors on the finance committee negligently permitted the cashier to make loans for sums much larger than $250, in violation of the by-laws of the bank.

The court held, however, that the proof was not sufficient to establish liability on the part of the directors. It did not appear that they had actually authorized the cashier to make loans in amounts larger than $250 without referring the matter to the finance committee. Furthermore, it did not appear that the directors had any knowledge that the person to whom the loans were made were insolvent or that they had any reason to believe that the borrowers were insolvent.

The general rule covering the duties of bank directors, as expressed by the court, is as follows: "Directors of a bank must exercise ordinary care and diligence in the administration of the affairs of the bank. The active management of the bank may be delegated to certain officers authorized to manage its business. The directors, however, must exercise a reasonable supervision over such officers."

OPINION

HILL, J. The judge of the superior court of Fulton county, in response to a petition filed by three named stockholders of the Citizens Bank of East Point, made an order requiring the receiver of the bank to bring suit against the directors of the bank to require them to account to the stockholders for their loss by reason of the alleged failure of the directors to perform their duty, or duties, as such. Suit was accordingly filed by the receiver against several persons alleged to be the directors of the bank. The petition alleged that the bank had lost large sums of money on account of bad loans made by the cashier of the bank by reason of the negligence and nonfeasance on the part of the directors, and because of the failure of the directors to perform the duties required of them by the by-laws of the bank and the laws of the state of Georgia. The prayers of the petition were for a judgment against the defendants for the use of three named stockholders, for the cost of their stock to them, besides interest, after deducting dividends which had been paid upon the stock, that such other persons as might be similarly situated be permitted to come in and be made parties to the case, and that judgment be rendered for such persons, and that the directors be required to account to all stockholders not directors for any loss sustained by them by reason of the negligence of the defendants. The plaintiff in error, J. C. Woodward, filed general and special demurrers to the petition. The several grounds of the special demurrer were sustained, save one; but the court did not pass upon the general demurrer at that time, and allowed the plaintiff 30 days within which to amend. Within the time allowed the plaintiff offered several amendments for the purpose of curing the defects pointed out by the special demurrer. The amendments were allowed over the objection of the defendant on the ground that the petition as it stood set out no cause of action against him, and did not contain enough to amend by. Woodward also renewed his original demurrer to the amendment as offered, and also to the petition as a whole after the amendment was allowed. Certain paragraphs of the amendment were stricken on special demurrer, after which all the demurrers were overruled, and Woodward excepted.

The question to be determined is: What is the measure of duty imposed upon bank directors by the laws of this state and the by-laws of the bank, and whether the plaintiff in error is liable to other stockholders of the Citizens Bank of East Point, who are not di-

rectors, for a breach of such duty under the allegations of the petition; in other words, what is the degree of care which should be exercised by directors of a bank in the performance of their duties? And does the petition show such breach of duty? In 2 Thompson on Corporations (2d Ed.) section 1265, the author, after stating that the courts are not agreed upon the extent of the liability of directors, says that they are practically unanimous on the proposition that directors are bound to administer the affairs of the corporations according to the terms of the charter or governing statute with diligence and in good faith, and that if they fail in either respect, they are liable to the party in interest who is injured by such breach of trust, and a court of equity will compel an accounting. This liability of directors to the corporation for damages caused by the negligent or unauthorized acts is said to rest upon the common-law rule which renders every agent liable who violates his authority or neglects his duty to the damage of his principal. And it is now generally agreed, continues the same author, that no matter whether the act is prohibited by the charter or by-laws, the liability is on the ground of violation of authority or neglect of duty. See, also, to the same effect, 10 Cyc. 828 (19m).

The degree of care required of directors is thus laid down in Thompson on Corp., section 1266:

"The measure of liability must necessarily be the degree of care required, and the degree of care which directors are bound to exercise depends on their relation to the corporation. The courts that adhere to the principle that directors are the agents of the corporation apply to them the same rules in the measure of liability as those imposed upon the agents of natural persons who receive a compensation for their services. The general rule as to the measure of care, skill, and diligence required for the directors of a corporation may be said to be such as prudent men exercised in the conduct of their own affairs, and this must be determined in each case in view of the circumstances. The rule as otherwise expressed is that directors must answer for ordinary neglect; and 'ordinary neglect' is understood to be the omission of that care which every man of common prudence takes of his own concerns. In a recent Missouri case, on the examination and citation of many authorities, the court adopted the rule that the directors of a bank were only required to act in good faith and to exercise such a degree of care as a reasonably prudent man would exercise under the same circumstances; that they were not bound to that degree of care which a prudent man would exercise in his own business. The stockholders divest themselves of the immediate control of their property and select directors as agents to manage and control the affairs of the corporation, and they expect, and have the right to expect, that the persons so selected will exercise ordinary care and prudence in the trusts thus committed to them, the same degree of care and diligence that men prompted by self-interest generally exercise in their own affairs. 'When one voluntarily takes the position of trustee or director of a corporation, good faith, exact justice, and public policy unite in requiring of him such a degree of care and prudence, and it is a gross breach of duty—crassa negligentia—not to bestow them.'"

The Civil Code of this state (1910, section 2267) defines the duties of directors of state banks as follows:

"The business of the corporation shall be under the management and control of a board of directors, to consist of not less than three nor more than fifteen members of the corporation, who must be owners and holders of one or more shares of the capital stock in good faith. The board of directors shall exercise only such powers as may be legally delegated to them by the stockholders, or by the by-laws adopted by the stockholders. The board of directors shall be elected by the stockholders at such time and place, and for such term, as may be appointed by the by-laws."

It will thus be seen that the directors can only exercise such powers as may

be legally delegated to them by the stockholders, or by the by-laws adopted by the stockholders of the bank. No powers other than those delegated by the by-laws were conferred on the directors in the present case, so far as the record discloses. What powers then were conferred by the by-laws? The petition sets out only two sections of the by-laws of the Citizens Bank of East Point, as follows:

"Sec. 14. The regular meetings of the board of directors shall be held on the first Monday of January, April, July and October of each year. Special meetings may be called by the president, cashier, or at the request of three or more directors; and should there be no quorum at any regular or special meeting, the members may adjourn from day to day until a quorum is in attendance. In the absence of a quorum no business shall be transacted.

"Sec. 15. There shall be a committee, to be known as the finance committee, consisting of the president, cashier and three directors, appointed by the board every twelve months, to continue to act until succeeded, who shall have power to discount and purchase bills, notes and other evidences of debts, and to buy and sell bills of exchange. * * * Said finance committee shall have the power to authorize the cashier, upon his own judgment and discretion, to loan to any person, firm, or corporation, any sum not exceeding the sum of two hundred and fifty dollars, his or their standing indebtedness to the bank to be taken into consideration."

It thus appears from section 15 of the by-laws that one of the duties of the finance committee, which is composed of the cashier and three directors, imposed by the by-laws, is to authorize the cashier, upon his own judgment and discretion, to lend any sum not exceeding $250, etc. Beyond that amount the cashier is not authorized to lend. It is charged in the petition in general terms that "it was the duty of the directors of the bank to look after the business of the bank, conserve its interests, and watch its affairs, and to protect its assets," but no specific duty is pointed out as being violated by the plaintiff in error under any law of this state or any by-law of the bank. It does not appear that he was a member of the finance committee, whose duty it was to supervise the lending the money of the bank in amounts exceeding $250. Paragraph 2 of the petition alleges "that the defendants are" certain named persons, including J. C. Woodward, the plaintiff in error, and giving their place of residence. Paragraph 4 alleges:

"Petitioner avers that all of said defendants were, during the existence of said bank and at the time said bank was placed in the hands of a receiver, duly appointed and elected directors of said bank."

Paragraph 4 was stricken on special demurrer. The first amendment to the petition alleges that there was a finance committee appointed for said bank; that H. L. Johnson was one of the members of this finance committee, but plaintiff is now unable to state who were the other two members of said committee, but he will be able to prove this fact at the trial by the said H. L. Johnson; that said finance committee never acted on any of said loans and credits set forth in the petition, but negligently permitted the cashier to make same in violation of the bylaws of the bank; that it was the duty of all directors who were not members of said finance committee to supervise the said finance committee; and that their duties in this regard were violated by said directors. The second amendment attempted to meet the objections raised to the petition by the demurrers by setting out specific acts of alleged negligence on the part of the directors. The first instance, in paragraph 29, was as follows, and was typical of the others:

"Petitioner amends paragraph 17 of the original petition by amplifying the allegations thereof as follows: (a) That on December 10, 1914, G. B. Finley drew check on the Citizens Bank of East Point, payable to D. C. Lyle, for $1,500, and that said check was cashed by the Citizens Bank of East Point

(b) that on January 12, 1915, G. B. Finley drew check on the Citizens Bank of East Point for $3,300 in favor of D. C. Lyle, which said check was honored by the said Citizens Bank of East Point. At the time the bank was placed in the hands of a receiver the said two items, aggregating $4,800, appeared in the assets of the said bank as cash items, and, petitioner avers, represented an overdraft on the part of said G. B. Finley of the said $4,800, the said G. B. Finley being insolvent, as petitioner is informed and believes, and said items representing a loss to said bank of said $4,800; that had the defendants properly represented the said bank as directors in the line of their duty as such that the said loss to the said bank could not have occurred."

In McEwen v. Kelly, 140 Ga. 720, 79 S. E. 777, it was held that—

"Directors of a trading corporation must exercise ordinary care and prudence in the administration of its affairs. They may commit the active management of the business to authorized officers; but this will not relieve them from the duty of reasonable supervision."

In delivering the opinion of the court in the McEwen Case, Lumpkin, J., said:

"Directors are agents, but they are also agents clothed with a fiduciary character; and while they are not express or technical trustees, they are selected to manage the affairs and property of the corporation for its benefit, and they bear to it and to its stockholders a relation which in many respects may be called a trust relation, and thus by numerous courts they have been called trustees. Aside from any express statutory liability, those who accept the position of director impliedly undertake to exercise ordinary care and diligence in discharge of the duties thus committed to them. They may commit the active transaction of the business to duly authorized officers; but this does not absolve them from the duty of reasonable supervision. Some courts have declared that they are only liable for gross negligence or breach of duty resulting in injury. But in some, probably most of the cases so declaring, it will be found that the failure of directors to use ordinary care in supervision has been treated as amounting to gross negligence."

This case was cited with approval in Griffin v. State, 142 Ga. 636, 640, 83 S. E. 540, L. R. A. 1915C, 716, Ann. Cas. 1916C, 80. Whatever the rule is at common law or in other jurisdictions, the general rule in this state is that directors of a bank must exercise ordinary care and diligence in the administration of the affairs of the bank, and that the active management of the bank may be delegated to certain officers authorized to manage the business of the bank. A reasonable supervision of such officers, however, is incumbent upon the directors.

In the light of the principles above announced, how stands this case? From what has been said with reference to the allegations of the petition, which must be construed more strongly against the pleader, nothing appears showing a joint action of the board of directors, as such, authorizing the loans above $250, which proved worthless, so as to hold the directors jointly liable. Nor is it made to appear by the petition that the plaintiff in error is liable for any personal or specific neglect or failure of duty, under the by-laws of the bank or the laws of the state, towards the bank. It is not alleged that he had knowledge of the fact that the debtors alleged to be insolvent were so when the unauthorized loans were made by the cashier, or afterwards, or that he had cause to suspect it. This being so, we do not think the allegations of the petition are sufficient to make the plaintiff in error liable. Throughout the allegations of the petition are vague, indefinite, and general as to a breach of duty by the plaintiff in error, and are lacking in any specific charge that the plaintiff in error was guilty of any definite breach of duty under the by-laws of the bank or the laws of the state resulting in damage to the corporation or its creditors. The petition, construed as a whole, after the amendments were allowed, and in the light of

the foregoing rulings, failed to set out a cause of action against the plaintiff in error. No specific duty resting upon him, either under Civil Code, section 2267, or other statute or law, or the by-laws of the banking corporation, was pointed out as having been violated or omitted by him. Therefore no specific breach of duty or law upon his part was alleged; and, this being so, the court erred in overruling the demurrer to the petition. In this view of the case it is unnecessary to further deal with the question as to whether the amendment met the objections raised by the special demurrers to the petition, and whether the directors were sued as such, nor as to whether the receiver had the right to sue, for the reason that he had no title to the property of the bank in himself, etc. In the latter connection see Hardwick v. Hook, 8 Ga. 354; 1 Clark on Receivers, section 232.

Judgment reversed.

Pennsylvania Unclaimed Deposit Law Unconstitutional

Germantown Trust Company v. Powell, Supreme Court of Pennsylvania, 108 Atl. Rep. 441.

The Pennsylvania statute, regulating the disposition of unclaimed bank deposits has been declared constitutional. The Supreme Court of Pennsylvania has decided that this law does not violate any of the provisions of the Constitution of Pennsylvania or the Federal Constitution.

Under the provisions of the statute banks and other corporations, engaged in the business of receiving deposits of money, are required to report each year the deposits on hand, which have not been increased or decreased during the preceding fourteen years, and on which interest has not been credited during that period at the request of the depositor. After a deposit has remained seventeen years, without being increased or decreased and without having interest credited at the request of the depositor, it must be paid over to the state. The lawful owner of the deposit is allowed ten years after it has been paid to the state in which to produce satisfactory proof of his ownership.

OPINION

FRAZER, J. These two appeals raise the same question and will be considered together.

Plaintiffs, in their bills, seek to enjoin the auditor general of the commonwealth from enforcing the provisions of the Escheat Act of June 7, 1915 (P. L. 878) on the ground the legislation is unconstitutional. A demurrer filed to the bill was sustained by the court below, the constitutionality of the act upheld, and a decree entered dismissing the bill, from which decree plaintiffs appealed.

Section 1 of the act requires every person, bank, safe deposit company, trust company, and corporation doing business under the laws of Pennsylvania, with certain exceptions named, engaged in receiving deposits of money, to file a report with the auditor general each year, showing the deposits on hand and held for another that have not been increased or decreased or on which interest has not been credited at the request of the owner within 14 or more successive years. Section 2 requires a similar report to be made by persons or corporations acting in a fiduciary capacity and every person and corporation or partnership association which receives and holds money or property of another for storage or safekeeping, to which money or property actual access shall not have been had by the person for whom the same is held for a period of 7 or more successive years. Section 3 requires every corporation, company, bank, trust company, insurance company, and partnership organized or doing business under the laws of this state, except building and loan associations, to report all dividends or profits declared to a stockholder or member and not paid for 3 years, all debts and interest on debts due by it to a

creditor and unpaid for 3 years, and all property held by it for another and for which no demand has been made for 7 years. Under subsequent provisions of the act, deposits of money escheat in 17 years (section 7): dividends or profits, debts, and interest thereon in 6 years (section 7); and property received for storage or safekeeping, or property held for the benefit of another, in 10 years (section 9).

Whether or not the act applies to national banks we have determined adversely to the commonwealth in Columbia National Bank v. Powell, 108 Atl. 445, in an opinion filed herewith, and what has been said there need not be repeated. This opinion will be confined to a consideration of the constitutional questions raised by appellants.

There seems to be no room for doubt that the commonwealth, by virtue of its sovereign power, may take charge of property abandoned or unclaimed for a period of time, or which has no known owner. Com. v. Dollar Savings Bank, 259 Pa. 138, 145, 102 Atl. 569, 1 A. L. R. 1048, and cases cited. This right is not seriously disputed; it is contended, however, in the first place that the act in question violates article 1, section 17, of the Constitution of Pennsylvania, and article 1, section 10, of the Constitution of the United States, by impairing the obligations of the contract between the owner of the property and the depositary; the theory being that upon money being deposited in a bank, a contract attaches between the depositor and the bank under which the latter is bound to return to the former, on demand, the amount of the deposit, and that the provisions in the act for the taking of money or other property after the expiration of a specified time, if the owner has not been heard from, amounts to a violation of this contract. The agreement of the bank or depositary, however, is merely to keep the money of the depositor until it is demanded by the owner, or his duly authorized representatives. It agrees to pay on demand. When demand is made the contractual relation ceases, there being no vested right to continue the contract in force thereafter, or for any definite time. If the depositor should die or make an assignment, his personal representative or assignee succeeds to his right to make demand for the money and the bank is in duty bound to make payment. A statute of escheat, in effect, simply provides for a termination of the contract of deposit, at the instance of the commonwealth and by virtue of its sovereign power, where there are no heirs to claim the property after the death of a person, or after the expiration of such reasonable time as may be fixed by law to raise a presumption of death. While the act requires the filing of certain reports for the information of the commonwealth a considerable time before an escheat is declared, this provision is reasonable and enables the commonwealth to follow up property as to which there is no apparent claim of ownership. The right of escheat has been recognized under the English law from the earliest times, and has also been the subject of continuous statutory regulation in Pennsylvania from colonial days; the latest general enactment on the subject being the act of May 2, 1889 (P. L. 66). The validity of these acts has been sustained without suggestion that their enforcement violates any contract between the owner of the property and the person or institution in whose hands the property was deposited or placed for keeping.

Appellants further argue that the statute contemplates the escheat of property of living persons, or, at least, fails to provide for the proper ascertainment of the fact of death of the owner without known heirs, and, in effect, deprives him of his property without due process of law. Section 4 requires the report to contain the names and addresses of the depositors or owners of the money, property, or claims, as the case may be, with the nature and amount of the property. Section 5 directs the auditor general to prepare and keep open to the public inspection an alphabetical index of the names of such persons, with reference to the reports, and under section 6 he is directed to

notify the person shown to be entitled to money or property, by mail if possible, and shall duly publish, in manner prescribed, in the city or county in which the property is held, a list of the names, addresses and amount of money or character of property belonging to such persons. Thereafter, if the owner fails to make claim to the property for the period stated, which varies according to the nature of the property, the same shall escheat to the commonwealth. Provision is there made (section 7) for proceeding by bill in equity on part of the commonwealth at the instance of the Attorney General and against the debtor and its creditors to determine issues of fact and for a decree of escheat, with further provision, in section 8, that the lawful owners of such property may, within 10 years after payment into the state treasury, recover the same upon satisfactory proof to the auditor general of their ownership. While the fact of death is established only presumptively by failure of the owner or any known heirs to appear, this is not, in itself, sufficient to constitute a denial of due process of law or the equal protection of the law within the meaning of the provisions of the state and federal Constitutions. Mobile, J. & K. C. R. Co. v. Turnipseed, 219 U. S. 35, 31 Sup. Ct. 136, 55 L. Ed. 78, 32 L. R. A. (N. S.) 226, Ann. Cas. 1912A, 463. The death of a person whose whereabouts is unknown, and the total absence of heirs, can, in the very nature of the case, seldom be established by affirmative proof. A familiar illustration of the right to rely upon presumptive proof of death is the Pennsylvania statute relating to the presumption of death arising from 7 years' absence unheard of. The right of the state to take steps to conserve property within its jurisdiction which has no known owner is fully sustained. (Cunnius v. Reading School Dist., 206 Pa. 469, 56 Atl. 16, 98 Am. St. Rep. 790, affirmed in 198 U. S. 458, 25 Sup. Ct. 721, affirmed in 198 U. S. 458 Sup. Ct. 721, 49 L. Ed. 1125, 3 Ann. Cas. 1121), as is also the power to base proceedings for escheat upon the presumption of death arising from inability to discover the owner of property or any living heirs (Attorney General v. Provident Institution for Savings, 301 Mass. 23, 86 N. E. 912, affirmed in 221 U. S. 660, 31 Sup. Ct. 661, 55 L. Ed. 399, 34 L. R. A. [N. S.] 1129; Mobile, etc., R. R. Co. v Turnipseed, supra).

Appellants also claim the title to the act is insufficient and misleading in various respects, and argue that the term "escheat" is used only in a case where the intention is to take the property of those who have died intestate and without known heirs, and that the act provides for the escheat of deposits of money or property of living persons as to which no notice is given in the title. A reading of the act shows the evident intention of the Legislature was not to appropriate or confiscate property of a living person, but to establish a period at the expiration of which the owner of property will be presumed to be dead unless his whereabouts, or that of his heirs, shall have been ascertained in the method prescribed by its provisions. That the state has power to fix a time when the presumption of death of the owner, or abandonment of the property, may arise cannot be open to question, as heretofore pointed out. Com. v. Dollar Savings Bank, supra; Mobile, etc., R. R. Co. v. Turnipseed, supra. The time is fixed by the statute after which such presumption will arise and establishes a form of procedure to have the fact judicially ascertained. The law is therefore properly designated an escheat act.

The contention that the law is special legislation cannot be sustained. While its provisions are limited to corporations organized and doing business under the laws of the state of Pennsylvania, and accordingly exclude national banks, as we have held in Columbia National Bank v. Powell, and it is also confined to corporations receiving money or property of others for safe-keeping, and expressly excludes from its provisions mutual savings fund associations not having capital stock represented by shares, and building and loan associations, we find nothing to indicate this

classification is not proper. Legislation for a class distinguished from a general subject is not special but general, and classification is a legislative question, subject to judicial revision only so far as to see it is founded on real distinction in the subjects classified and not on artificial or irrelevant ones used for the purpose of evading the constitutional prohibition. If the distinctions are genuine, the court cannot declare the classification void, though they may not consider it as resting on a sound basis. The test is, not wisdom, but good faith in the classification. Seabolt et al. v. Com'rs of Northumberland County, 187 Pa. 318, 323, 41 Atl. 22; Com. v. Grossman, 248 Pa. 11, 15, 93 Atl. 781; Com. v. Puder, 261 Pa. 129, 136, 104 Atl. 505. "Classification to be valid must be based upon a necessity springing from manifest peculiarities, clearly distinguishing those members of one class from each of the other classes and imperatively demanding legislation from each class, separately, that would be * * * detrimental to the others." Ayar's Appeal, 122 Pa. 266, 16 Atl. 356, 2 L. R. A. 577; Com. v. Puder, supra, 261 Pa. 135, 104 Atl. 505. The dissimilarity between building and loan associations and saving fund societies, for illustration, as compared with banks of deposit and other corporations receiving deposits of money and securities for safe-keeping, is sufficient to warrant placing the former in a class by themselves and exempting them from the provisions of an act of the character here in question. In Com. v. Puder, supra, this court sustained legislation regulating the business of loaning money in small sums to a certain class of persons.

It may be suggested that in view of the provisions of the Constitution prohibiting special legislation on the subject of corporations, namely, article 3, section 7, forbidding the passage of local or special laws, "creating corporations, or amending, renewing or extending the charters thereof," and article 3, section 21, forbidding the passage of statutes of limitations in the case of corporations different from those applying to natural persons, and as article 3, section 7, contains no provision relating to escheats, therefore the Legislature may pass special laws on the subjects of escheats and corporations other than is prohibited above, if they do not violate other sections of the Constitution. This is undoubtedly a correct statement of the law if we add the qualification that the legislation must not conflict with the portion of article 3, section 7, forbidding the "granting to any corporation, * * * any special or exclusive privilege or immunity." If it be held that imposing a liability of property to be escheated when in the possession of corporations embraced by this act by indirection grants a "special or exclusive privilege or immunity" to other corporations not covered by the act, then the statute would be invalid unless upheld on the ground of proper classification, as detailed in the preceding paragraph. This view of the act, however, was not presented to us, either in the printed or oral argument, and therefore we need not pass upon it.

Judgment affirmed.

Agreement of Bank Not to Hold Indorser Liable

State Savings Bank of Logan v. Osborn, Supreme Court of Iowa, 175 N. W. Rep. 964.

A farmer, about to hold an auction sale of considerable personal property, arranged with the plaintiff bank to take notes given by purchasers at the sale. Under the arrangement the bank was allowed to have one of its officers conduct the sale and the notes were to be made payable to the bank. One of the notes, however, was made payable to the farmer. The bank requested him to indorse this note, telling him that it would obtain a new note from the maker. The farmer indorsed the note and later the bank obtained a new note from the maker and marked the original note paid.

The bank then told the farmer that it

held a chattel mortgage signed by the maker for more than enough to pay the new note and asked the farmer to indorse this note. The farmer was told that the proceeds of the mortgage would be applied to the payment of the note and that he would not be held liable. According to the farmer's statement the bank applied the proceeds of the mortgage to the payment of other debts leaving the note unpaid. In these circumstances it was held that the bank could not enforce the note against the farmer.

OPINION

Action at law upon a promissory note. Judgment for plaintiff against the defendant Davis, who appeals. Reversed.

WEAVER, C. J. The note in suit appears upon its face to have been made by Osborn to the appellant, Davis, who is alleged to have indorsed it to the plaintiff bank. Defendant denies liability. The answer filed is unconscionably long, verbose, and involved in its statements, and had the trial court stricken it on that account, giving defendant opportunity to replead his defenses in better form, we should have no difficulty in affirming the order.

Stating the defenses on which reliance is placed, in briefer terms, they are as we understand them about as follows: First, denial made in general terms; second, want of consideration for the appellant's indorsement of the note; third, failure of consideration for the indorsement; fourth, payment of the note by Osborn; fifth, that there was never any delivery of the indorsed note to the plaintiff or that the delivery was at most conditional; and, sixth, that the note was indorsed in consideration of a representation by the bank that it held a mortgage on Osborn's property of sufficient value to secure payment of all his debts to the bank, including the note in question and that if appellant would indorse said note, the bank would proceed to collect the same from the proceeds of the sale of said mortgaged property and would apply the first money received on such sale to the payment of said note; that said promise and agreement were never performed and were never intended to be performed, but were made with the fraudulent intent and purpose to entrap the appellant into an indorsement of the note, and that plaintiff did in fact collect enough from the security held by it to pay the note but failed to apply it upon such indebtedness as agreed.

The alleged facts on which these various defenses are sought to be founded are substantially as follows: The appellant, Davis, a farmer, was about to hold a public sale to dispose of a considerable quantity of personal property. Preparatory to such sale, he entered into an agreement with the bank by which said bank was to purchase all the promissory notes given by purchasers of the property so sold, and to that end, and to satisfy itself of the financial responsibility of the makers of the notes, the bank was to be represented at the sale by one of its officers, who was to act as clerk and take the notes, payable directly to itself, without indorsement or guaranty by the appellant. The sale was held as contemplated. One Joy, an officer of the bank, served as clerk and took the notes, making them all payable, as agreed, direct to the bank, except one note, given by Osborn, for $374.70. In making settlement with Osborn, Joy, contrary to the agreement between appellant and the bank, inserted the name of appellant as payee of the note without appellant's knowledge or consent. At some time after the note of Osborn had been so taken by Joy, the latter requested appellant to indorse the note as a matter of temporary accommodation only; and upon the promise that the note so indorsed should not be considered delivered as between appellant and the bank, and that the bank should hold it in possession only temporarily, until it could get a new note and security from Osborn for all his indebtedness to the bank, including said note, appellant did make the indorsement.

Later, as we understand the answer, the bank did obtain a new note from Osborn, stamped the first note "Paid,"

and delivered it to Osborn. Thereafter the appellant, at the request of the bank, indorsed the new note it had theretofore obtained from Osborn. The pleading further shows that, to obtain said indorsement, the bank, by the officer having the matter in charge, stated and represented to the appellant that it held a chattel mortgage on the property of Osborn to the value of more than $500, and that, if plaintiff would make the indorsement requested, the bank would credit and apply the first moneys collected from Osborn, or from the said security, to the payment of said note, and that, relying upon said representation and promise, appellant did indorse the note; that thereafter the bank did collect from the sale of said mortgaged property more than enough money to pay and discharge said note, but in violation of its agreement it applied or credited such collections upon other claims held by it against Osborn.

The narrative of these alleged facts is restated and repeated in various forms and with various embellishments, but what we have said is sufficient, we think, to enable us to get at the meat of the controversy on which we are asked to pass. The amended and substituted answer, setting up the defense or defenses to which we referred, was not demurred to; but plaintiff moved the court to strike out substantially everything contained in the pleading (except mere denials) as being "incompetent, irrelevant, and redundant matter." The motion was sustained, and, defendant excepting to the ruling and declining to further plead, judgment was rendered against him for the amount of the note. In entering the ruling the court explained its action by saying:

"This answer suggests what might raise several issues, but it seems to the court that under the Negotiable Instruments Law the indorsement by the defendant upon the original note, of which the note in suit is but a renewal, would not admit of oral evidence to explain such indorsement."

Is there anything in the Negotiable Instruments Act which precludes the defense which appellant pleaded? Counsel for appellee lay much stress in argument for an affirmance upon the proposition that defendant by its answer set up a plea of fraud in the procurement of his indorsement, and it is said that the matters so pleaded are at most mere promises to be performed in the future, and that a failure to so perform does not amount to fraud. As a general abstract proposition this is no doubt true. It is also true that the answer indulges very freely in the words "fraud" and "misrepresentation," but, when shorn of its unnecessary and luxuriant verbiage, we still have left a fairly intelligible plea of want of consideration and failure of consideration for the appellant's indorsement.

There is nothing in the Negotiable Instruments Act (Acts 29th Gen. Assem. c. 130), or in the familiar rule against parol evidence to vary the terms or legal effect of a writing, which, as between the original parties, precludes plea or proof of no consideration or failure of consideration. Farmers' Bank v. Hansman, 114 Iowa, 49, 86 N. W. 31; 7 Cyc. p. 690; Bank v. Robinson, 24 Me. 274, 41 Am. Dec. 385; Trust Co. v. Carlucci, 264 Pa. 226, 107 Atl. 693; Coughlin v. May, 17 Cal. 515.

The general principle of the law of contracts, that to be valid and legally enforceable as between the parties thereto an agreement or undertaking of any kind must be supported by a consideration, is too elementary to call for citation of authorities. To that rule commercial paper affords no exception.

This is not a case in which the plaintiff occupies the relation of an innocent purchaser of the paper or as a holder in due course, if the allegations of the answer be true, and for the purposes of the appeal they must be accepted as true, or at least as being susceptible of proof. The allegation is to the effect that the bank had entered into an agreement to purchase all the notes taken at the sale and assure itself of the sufficiency of such notes by having its own officer act as clerk, make settlement with the purchasers and take their notes direct to the bank itself,

without the assumption of any personal liability thereon by the appellant. According to the pleading, the appellant never at any time had possession of or exercised any dominion over the note. It was taken by the bank and was at all times held by it, and the indorsement was made, not by way of negotiation of the paper to the bank, but was a subsequent act or independent transaction, which, if the answer be true, would require some consideration other than the original agreement. And if, as counsel say, the bank paid for the note at the same rate and in the same manner as it paid for the other notes, it only did what it had bound itself to do. Still assuming the truth of the answer, it must be said the notes, when taken, and all of them, including the Osborn note, were all alike the property of the bank from the moment of their execution and delivery to Joy for the bank. It was not within the power of Joy or the bank to avoid this result by inserting the appellant's name as payee in the Osborn note, without his knowledge or consent. Under such circumstances the appellant was charged with no duty or obligation to take upon himself the liability of indorser. He was in such case no more than the nominal payee of the note, and if under such circumstances, without some new or additional consideration, he did indorse the paper for no other purpose than to pass title thereto to the bank, or solely as a matter of temporary accommodation to serve the purposes of the bank, then his plea of want of consideration would present a legitimate defense to any action upon his indorsement.

Appellee says in avoidance of this defense that, even if this be true as to the note and indorsement first made, it has no relevance at this time, because this action is upon a new note and new indorsement. Without taking time to consider other features of the answer bearing upon the proposition so urged, we think it quite clear that appellant does plead a failure of consideration as to this indorsement also, as we have before pointed out. The answer alleges that this last indorsement was made upon the assurance and promise of the bank that it held security by chattel mortgage upon the property of Osborn to a value in excess of this debt, and would apply the first money realized from such security to its payment. It is also alleged that, having thus secured the defendant's indorsement, the bank did collect and receive from said security an amount of money sufficient to pay off the note, but, instead of so applying it as agreed, it used the money in payment of other claims against Osborn, leaving the note in suit still unpaid. If this be true, and for present purposes it must be so taken, then there was a palpable failure of consideration for the endorsement and appellant may plead it in defense. Bank v. Hausman, 114 Iowa, 49, 86 N. W. 31.

The foregoing is sufficient to indicate our view that the trial court erred in striking the defendant's answer, and that the judgment rendered against him must be reversed, and new trial ordered. What we have said in this opinion in relation to matters of fact will, of course, be understood as having reference to the sufficiency of the answer, and not to the merits of the dispute between the parties. That is a subject to be considered only when the issues have been framed and the parties have both had opportunity to be heard.

For the reasons stated, the judgment below is reversed, and cause remanded for further proceedings in harmony with this opinion.

Reversed.

Book Reviews

INCOME TAX PROCEDURE 1920 EXCESS PROFITS TAX PROCEDURE. By R. H. Montgomery. New York: Ronald Press Co.

This 1,600 page annual is designed to give definite, specific advice and detailed illustrations in plain English that anyone can understand regarding the income tax returns of individuals as well as corporations, partnerships, and fiduciaries.

Previous editions of this work were prepared in 1917, 1918, and 1919, and it has come to be most generally used by lawyers and professional accountants, both because Montgomery is so high an authority and because his work is so practically helpful.

Mr. Montgomery, the author, is both a Certified Public Accountant and an attorney-at-law, and he is therefore able to correlate the law and the accounting procedure.

These volumes cover the New York State Tax (January Regulations) as well as the Federal Tax, explaining thoroughly all the legal and accounting phases. The fact that they follow closely the arrangement of the official return makes their consultation convenient. A tabular arrangement compares the Federal and State Income Taxes in such a way as to make possible the preparation of the two returns at the same time.

All phases of this intricate subject are covered, including exemptions, deductions, credits, dividends, stocks and bonds, depreciation, obsolescence, interest, etc.

One of the unique features of these manuals is the fact that Mr. Montgomery gives definite legal advice concerning decisions on mooted questions so that the reader is not thrown upon his own resources. He is guided and supported by the advice of an authoritative lawyer.

These manuals are adequate and suitable for the average business man just as truly as for lawyers, accountants and corporation officials.

BETTER LETTERS. Chicago: Herbert S. Browne Co.

Presents in a simple, direct and interesting manner the fundamental rules and primary essentials of efficient business correspondence. It is not a "selling" book in the usual acceptance of this term, but rather a handy guide and reference manual for the correspondent, stenographer, or executive, who is attempting to make his own letters direct, forceful, individual, persuasive, grammatical, attractive,—and 100 per cent. efficient for their purpose.

FOURTH SUPPLEMENT TO THE SEVENTH EDITION OF PAINE'S NEW YORK BANKING LAWS. By Willis S. Paine. New York: Baker, Voorhis & Co.

This supplement embodies the twelve amendments to the Banking Law, approved by the New York Legislature during the year 1919.

THE BANKERS CREDIT MANUAL. By Alexander Wall. Indianapolis: Bobbs-Merrill Co.

This book is a complete survey of the credit department—its obligations and opportunities—with practical suggestions for stabilizing operations, facilitating investigations, and with schemes for comparative analysis that will keenly interest every banker in the country.

AMERICANISM VERSUS BOLSHEVISM. By Ole Hanson, former Mayor of Seattle. New York: Doubleday Page and Company.

This book is one of vital significance to all who are concerned with the relations between labor and capital, between employer and employee.

Mr. Hanson gives a red-blooded, dramatic story of how he fought to a stand-still the Red "labor misleaders"

in the Seattle general strike or "attempted revolution." He then sketches briefly and vividly the rise and universal failure of communism from its first appearance in France in the forties until the present day in Russia.

He concludes with a sound and sane programme for removing the cause of I. W. W.-ism or Bolshevism, on the one hand, while suppressing its violent manifestations, on the other.

OTHER MERCHANTS AND SEA CAPTAINS OF OLD BOSTON. Boston: State Street Trust Company.

The last pamphlet issued by the State Street Trust Company on "Some Merchants and Sea Captains of Old Boston" was so well received, and there was so much interesting material sent in, that the trust company decided to issue a continuation to include other merchants and captains who were of importance in the history of the shipping of Boston. There has also been added an article entitled "Some Stories of the Sea." The material has been gathered from books, pamphlets, diaries and from persons who have shown an interest in the subject, and much of the information has never before been printed.

INDUSTRIAL MEXICO, 1919 FACTS AND FIGURES. By P. Harvey Middleton. New York: Dodd, Mead and Company.

Mr. Middleton, one of the officers of the foreign department of the Guaranty Trust Company of New York, is a recognized authority on foreign trade development. He has recently returned from a trip through Mexico from the Texas border to Vera Cruz, during which he made a personal investigation of the condition of the Mexican railways, and ascertained the facts regarding the oil fields, mines, agriculture, timber resources and sugar and coffee plantations in Mexico.

In the present volume the author gives a detailed report of the condition of all the important industries of Mexico, and deals fully with the much-discussed Mexican laws and decrees affecting the operation of the foreign owned oil-fields, mines and banks. Many of these laws and decrees are given in full.



WAR-TIME FINANCIAL PROBLEMS. By Hartley Withers. New York: E. P. Dutton & Company.

This volume gathers up a number of articles written during the war on financial subjects by the author, who is the editor of the *London Economist.* War finance, as it was and might have been, bank amalgamations, currency questions, company law reform, bonus shares, the outlook for capital, treasury control, the capital levy, facing the war bill, national guilds and many other matters of vital importance in these times are dealt with.



FOREIGN EXCHANGE. By A. C. Whitaker. New York: D. Appleton and Company.

This volume sets forth clearly the principles of foreign exchange, illustrating them amply by means of practical examples. It provides ready answers to the banker's daily problems in the field of foreign exchange, defines his business vocabulary and furnishes quick and easy means of making promising bank employees in the foreign departments proficient in this subject.



FOREIGN EXCHANGE, THEORY AND PRACTICE. By Thomas York. New York: Ronald Press Company.

Explains the operation of the exchanges between gold-standard countries under normal financial conditions. A hypothetical method of treatment is followed in the theoretical part of the discussion. This approach allows the reader to follow the course of reasoning more closely. In the last few chapters the hypothetical assumptions are abolished and attention is given to practical foreign exchange operations as conducted in the New York market.

Facts About the National Banks

[From the Annual Report of the Comptroller of the Currency.]

THE resources of the 7,900 banks in operation November 17, 1919, reached figures never before attained, $22,444,000,000. an increase over the previous year of $2,623,000,000; and an increase in six years, or since August, 1913, of 107 per cent., or $11,585,000,000.

On November 17, 1919, the national banks had 19,129,842 deposit accounts, as compared with 7,690,468 in 1910—an increase of 148 per cent. There is now one account in the national banks for every six of our population.

They have also established a new record for immunity from failure. There was not a dollar loss to any depositor for the twelve months ending October 31, 1919; and for the twenty-two months, from January 1, 1918, to November 1, 1919, there was but one small national bank failure in the entire country involving loss to depositors. This record, the Comptroller shows, is thirty times, or 3,000 per cent., better than the yearly average for the forty-year period prior to 1914.

During the fiscal year ending October 31, 1919, there were failures of forty-five state banks, private banks and trust companies in nineteen different states.

THE BANKING POWER OF THE UNITED STATES

The Comptroller shows that the banking power of this country is now over forty-five billion dollars, or three times as much as the grand total of banking power of the world in 1890, as estimated by Mulhall.

The banking power of this country was estimated by the same authority at that time as somewhat more than five billion dollars; so that our banking power now is more than nine times what it was thirty years ago.

COMPARATIVE GROWTH OF NATIONAL AND STATE BANKS

Statistics as to all banks and trust companies under State supervision throughout the country are obtained by the Comptroller's office through the courtesy of the Banking Departments of the several states once each year as of the call nearest to June 30. The figures thus obtained show that, for the six years from June, 1913, to June, 1919, the resources of state banks and trust companies increased from $14,675,000,000 to $26,380,000,000, an increase of $11,705,000,000, or 79.7 per cent. Between the same dates the national banks increased their resources from $11,036,000,000 to $20,799,000,000, an increase of $9,763,000,000, or 88.4 per cent. The resources of the national banks, however, from June, 1913, to November, 1919, show a very much greater percentage of growth, the increase in this period being $11,408,000,000, or 103 per cent.

For the twelve months from June 29, 1918, to June 30, 1919, the resources of the national banks increased from $18,354,942,000 to $21,234,918,000, an increase of $2,879,976,000, or 15.69 per cent. In the same period state banks and trust companies and private banks increased from $22,371,497,000 in June, 1918, to $26,380,529,000 an increase of $4,009,032,000 or 17.92 per cent. In the five years from June, 1914, to June, 1919, the national banks increased 84.94 per cent. while the state banks for the same period increased 70.71 per cent.

INCREASE IN NATIONAL BANK CAPITAL

More new national banks were organized in the fiscal year ending June 30, 1919, and also with a greater capital than for any previous year since 1910. During the year 245 new national banks were chartered with $21,780,000 capital and 311 increased their capital in the sum of $45,145,000. The total additions to capital arising from new banks and increases in the capital of existing banks amounted to $66,925,000.

The movement for the nationalization of existing state banks and trust companies continues. Since 1900, 2,711 trust companies and private banks have been converted into, or reorganized as, national banks.

BANK EARNINGS AHEAD OF ALL PREVIOUS YEARS

For the year ending June 30, 1919, national banks reported gross earnings of $910,760,000, as compared with $797,890,000 for the previous year, and net earnings of $240,366,000 as compared with $212,332,000 for the year before.

The average dividends paid by national banks for the year ending June 30, 1919, on their capital stock was 12.15 per cent., as compared with 11.82 per cent. for the previous year. The increase in net earnings shown by the national banks in the past five and one-half years has amounted to more than the increase shown in the previous forty years.

INCREASE IN SAVINGS BANK DEPOSITS

From June 29, 1918, to June 30, 1919, the mutual savings banks of the country, located principally in the North and East, increased their deposits from $4.422,096,000 to $4,751,113,000. In 1918 there were 625 mutual savings banks against 622 in 1919, and the average amount due each depositor increased from $490.72 in 1918, to $530.92 in 1919. The number of depositors in mutual savings banks in June, 1919, was reported at 8,948,808.

News of the A. B. A.

Food Drafts—Constitutional Committee—Bank Burglary Policies

MORE than 3,500 banks and trust companies have made application for food draft blanks to assist in the relief of European food conditions under the plan which has been worked out by the Relief Administration and the American Bankers Association. W. F. Collins, secretary of the Committee on Commerce and Marine of the American Bankers Association, who has been handling the detail as pertains to the banks, announces that word has been received from almost every state organization offering their cooperation in furthering the sale of food drafts in their particular states. Many of the banks are even going farther in advertising and pushing the sale of these drafts through window displays and letters. The Merchants National Bank of Billings, Mont., is one of the institutions that has gone more thoroughly into their sale, using both of their big front windows for a display of the articles of food which the drafts of various amount will supply to the European beneficiary.

Reports from abroad seem to show that the lack of food is especially acute around Vienna. Following the first announcement of the food draft plan, 19,000 inquiries were answered in 24 hours by the Relief Administration there. American officials there are issuing postal cards which can be mailed by the Austrian people to relatives in America, asking them to assist them by sending food drafts.

As soon as these numerous requests have had time to reach this country, the demand for these food drafts is expected to increase materially. The American Bankers Association is in constant touch with the larger clearing houses of the country to inform them of such developments as transpire affecting the sale of drafts so that they can make such preparations as are necessary.

The first meeting of the Constitutional Committee of the American Bankers Association was held in Chicago on February 28. M. A. Traylor, First Trust and Savings Bank, Chicago, chairman of the committee, presided.

The first session was devoted largely to consideration of suggestions which have been received from almost all parts of the country and the committee still invites such suggestions from the membership at large, as they expect to hold several sessions between now and the national convention at Washington in October.

The committee is attempting to review all provisions of the constitution of the association and to revise it so as to bring it up to a form more in keeping with the greater activities of the organization since it was framed.

Richard S. Hawes, of St. Louis, president of the American Bankers Association, has been appointed a member of the American committee on permanent organization for the formation of an International Chamber of Commerce. The purpose of the proposed International Chamber will be to promote international commerce; to facilitate international trade relations among the nations; to secure harmony of action on all international questions affecting commerce and industry, and to promote peace and cordial relations between the countries which are members of the Chamber.

The first meeting of the International Chamber of Commerce will be held in Paris during the first week of June. It will be preceded by a meeting of the international committee on organization, which will be held in Paris early in May.

Other members of the American committee on organization are as follows:

John H. Fahey, chairman, former president of the Chamber of Commerce of the United States, Boston; S. C. Mead, vice-chairman and secretary, secretary of the Merchants Association,

New York; A. C. Bedford, president of the Standard Oil Co. of New Jersey, New York; Thomas W. Lamont, J. P. Morgan & Co., New York; E. A. Filene, E. A. Filene & Sons, Boston.

The first meeting of this committee will be held in New York, March 5.

The new 1920 copyrighted form of Bank Burglary & Robbery Policy, prepared by the Insurance Committee of the A. B. A. will go into effect April first. It is more liberal to the banks than any previous forms, and we mention a few of the principal changes and improvements:

Under the robbery clause provision is made for coverage "within any locked or unlocked safe or vault located within or opening directly into the said enclosure," thus doing away with the necessity of attaching endorsement, as is done at present.

In section 2 of the robbery clause which provides for the coverage of funds during transfer of money and securities between the banking enclosure and any safe or vault described in the schedule located in the premises outside of the enclosure, there has been added: "or in the act of placing the said money or securities within such safe or vault or removing same therefrom." There has always been a question as to whether money and securities would be covered at the actual moment of removal from safe or vault, or placing therein, as the language of the clause only provided for coverage during transfer.

Under special conditions, money is construed to include War Savings Stamps and Thrift Stamps. Securities are defined to include Travelers' Cheques and Letters of Credit.

The policy covers all securities, whether owned by the bank, held for collateral for which it may be liable, or held for safe keeping of which a record is maintained.

Another new feature is protection against fire, provided it is caused by burglars.

The assured may cancel the policy at any time, pro rata, whereas the company is only permitted to cancel upon a written notice served on the assured or *delivered* by registered mail to the assured at least five days prior to the date the cancellation takes effect, as stated in the notice.

The extended 10% coverage is made to apply in any vault located within the premises, where the insurance is written on the safe, instead of limiting to the vault in which the safe is located, as is the case within the old form.



"A Mine of Information"

A FEW months ago a banker in Columbus, Ohio, told a representative of THE BANKERS MAGAZINE that he hadn't read a copy of this publication for years.

"We get so much reading material in the bank nowadays that I seldom get a chance to read any of it," he said.

"Just as an experiment," said Mr. ——— of THE BANKERS MAGAZINE, "I would like to have you agree to read the magazine for a few months and then give me your frank opinion as to its practical value to a banker."

The agreement was made and a short time ago the banker wrote this letter:

> You will perhaps recall a short visit with the writer here in Columbus in September or October, at which time I stated to you that I had not been reading your magazine. I am taking this opportunity to tell you that since you put us on your circulation list beginning in November, I have not missed a number of the magazine and have enjoyed it greatly. I must have approached it before in the wrong spirit, because I find it now a veritable mine of information and enjoy particularly the departments on Bank Publicity and Bank News. Your advertisements as usual are far above anything of similar kind elsewhere and your editorial articles appeal to me especially since I had the pleasure of personal contact.
>
> Accept my congratulations on the fascinating character of the magazine and prepare to be burdened with a call on the occasion of my next visit to New York.

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American Interests in Europe

By W. R. Lawson

THE decision of the United States Government to pursue a policy of its own in Europe, has seriously complicated the European situation. Politicians, financiers, traders and even humble citizens, are now wondering what that policy is to be. Mr. Carter Glass, until recently, the Secretary of the Treasury, has made it perfectly clear that it is to be very different from the sentimental and humanitarian rôle which during the war and for some time thereafter America's late allies have allowed themselves to expect. For these expectations they had, it must be admitted, little ground beyond a few sympathetic speeches in Congress and an occasional Anglophile or Francophile article in the press.

However sincere these may have been at the time, there was only too much reason for the subsequent falling off in the American temperature.

American financiers, who came over to see for themselves, discovered that Europe was in a much worse plight than had been suspected. Perhaps, too, they found that they had committed themselves quite far enough for the present. Anyhow a marked change came over the spirit of the American dream. A bad impression was undoubtedly made on the public opinion, both of England and France. It contained elements of serious mischief, partly because of its unknown causes, but still more of its possible consequences. But it had indirectly some good effects. Among others it obliged English and French economists to study more closely the character of the crisis through which the two nations were passing. Hitherto they had taken very superficial views of it, and the public had been content with conventional explanations. But now they began to search deeper into the mystery.

PROBLEM AN ECONOMIC ONE

The first grave mistake that had been made was regarding it as a purely monetary question and leaving it to the bankers to settle. They were the last persons in the world who should have been entrusted with its solution. Instead of being a monetary problem to be solved by clever manipulations of credit, it was one of the most profound and far-reaching of economic mysteries. The bankers did their best for it, but that did not carry it very far. A second mistake was made in thinking that the peril could be conjured away by means of heroic loans. Little need be added to the thorough disillusionment on that point which Sir George Paish received from his American friends. Even Lord Swaything's scheme, though much more modest than the Paish 35 million loan, fell flat on both sides of the Atlantic.

The first beginning of a real investigation into the nature of the crisis was made by M. Klotz, the Minister of Finance in the Clemenceau Cabinet. His provisional budget first opened the eyes of Frenchmen to the depth of the gulf into which they had plunged and the gigantic character of the effort that would be required to get them out of it again. It was a masterly analysis of French public finance and its many ramifications affecting, as they did, nearly all the economic aspects of French life. It reviewed in turn the economic difficulties of the time—heavy taxation, high cost of living, the very unfavorable balance of foreign trade, and finally the collapse of the franc. While this important document was being discussed, the franc continued to fall until at last the laissez faire doctrinaires took fright and began to bestir themselves.

Although the Klotz budget came to nothing, having been strangled in the cradle by the resignation of M. Clemenceau, it had nevertheless great moral influence on subsequent economic discussions in France. They became much more practical and serious than they had been. The magnitude of the crisis

was more clearly realized and broader as well as bolder lines of inquiry were adopted. Among several good effects there were one or two bad ones. Disappointment with America began to find expression, and the action—or rather inaction—of the United States politicians came in for frank but courteous criticism. In this sufficient allowance may not have been made for the very awkward position in which these gentlemen found themselves. It was no light request to ask them to sacrifice, at a stroke, one of the hitherto most cherished principles of the Constitution and several of the long-established axioms of American diplomacy.

FAILURE OF U. S. TO SIGN PEACE TREATY

Doubts and fears developed into positive soreness when the Treaty of Peace had to be signed without the participation of the United States. Then the feeling of a rift in the lute became unmistakable. A number of unfortunate incidents now occurred to deepen and embitter that impression. Professor Keynes's book ridiculing the Treaty and its principal authors, destroyed almost the last shred of respect for them. The "Fight the Famine" movement of a clique of British pro-Germans was rightly regarded by the French as an unfriendly proceeding, and when these maladroit adventures were capped by Sir George Paish's Quixotic crusade among American bankers, it was felt that the business relations between Europe and America were all at sixes and sevens.

The only people who could be pleased with this sort of thing were, of course, the Germans. Their joy over it has been keen and unmistakable. Doubtless it had its influence in encouraging them to procrastinate and prevaricate over the carrying out of the Treaty of Peace. At every point where they can safely plot and intrigue against the Allies, they will do so, all the more readily because of the strong hand of America having been withdrawn. Only think what a difference this will make to the task of the Allies in Turkey! Their hesitation over it suggests that they are beginning to fear that it will be too much for them. If the Bolshevists and the Mussulmans should join hands the Americans may have to come in after all.

PLAYING INTO THE HANDS OF GERMANY

Any tension of feeling between the French and Americans was sure to be welcome to the Germans, and they lost no time in laying their plans to utilize it accordingly. The latest move of the "Fight the Famine" crowd in London and New York were doubtless sympathized with in Berlin, if not actually inspired from there. The French press has its suspicions on that point, but has not as yet given direct vent to them. It has also read with interest Professor Keynes's lively attack on the Treaty of Peace and its founders. Sub rosa, there is a good deal of amusement at its portrait of President Wilson as the impracticable Presbyterian, but its open advocacy of German interests could not fail to produce a bad impression, which may reach farther than the author himself.

It was published at an awkward moment for Mr. Keynes's late patron, the Prime Minister, but by this time he must have got used to such contretemps. He has had enough of them to harden the softest heart against them. One after the other his financial experts and advisers have turned against him and the latest defection is the worst. Professor Keynes got farther into the confidence of the Prime Minister than any of his previous understudies. He was something more than a journalistic mascot. At the Peace Congress he acted as *alter ego* to his chief, and in that capacity he prepared some curious complications for him. While Mr. Lloyd George was declaiming to the electors about making Germany pay to her utmost capacity for the war, his *alter ego* in the Peace Conference was fighting for moderate indemnities.

There is reason to fear that in this

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respect Professor Keynes represented quite as important persons as the Prime Minister in another connection. During the indemnity controversy of last year, a considerable section of City opinion favored letting down the Germans lightly. It included a number of more or less eminent bankers whose champions in the press were Sir George Paish and Professor Keynes. Their idea of a reasonable indemnity to demand from Germany was 2,000 millions sterling, and by a significant coincidence Professor Keynes now suggests that identical sum. The just claims of reparation would, he thinks, thereby be met, but his generosity does not end there. He would write off 500 millions for "the various contributions which Germany has made in kind" —including presumably the stolen property she has been obliged to restore.

The question, however, is not one of figures merely. It is much more a question of actual economic conditions in Germany. Needless to say, there are wide differences of opinion on this subject. Professor Keynes takes, of course, a pessimist view and insists that ample supplies of coal and iron are indispensable to the Germans before they can ever begin to recover. French authorities who have better and later opportunities of studying German conditions are arriving at quite different conclusions. Some remarkable letters from Berlin, Hamburg and other German cities appear frequently in Paris papers. They speak of great industrial activity, abundance of money and profuse spending. Altogether they are calculated to excite the envy of Frenchmen whose war burdens are daily becoming heavier instead of lighter.

HELP OF THE UNITED STATES INDISPENSABLE TO FRANCE

Professor Keynes may be right in his contention that Germany must have coal and iron with which to restart her industries, but that is a simple problem and easily settled, compared with

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the overwhelming difficulties which confront France. It is not merely one thing but many that France has need of and will continue to need for years to come. Her financial burdens alone might well excite sympathy and compassion. She is making brave efforts to shoulder them, but it is doubtful how long she will be able to bear them. Even the chivalrous help which Mr. Lloyd George offered M. Clemenceau may not carry her far. There is only one country which can pull France through and that is the United States.

The apparent coldness that has sprung up between the French and the Americans is therefore to be regretted, not merely for its own sake but for its bad influence on the financial and commercial relations of the two countries. To begin with it is exceedingly inopportune. It has played Germany's game for months past and Germany will keep it up as long as she possibly can. She is entering into keen competition with the French for American help and nothing could be more galling to the French than such competition. They fully realize the advantages over them which the Germans will have in carrying it on.

Another thing may well gall them and that is the consciousness of being themselves somewhat to blame for their American difficulty. Professor Keynes, in his account of how Clemenceau and Lloyd George "bamboozled the old Presbyterian," reveals the secret of President Wilson's failure at the Peace Conference. This, combined with his subsequent fiasco in the American Senate and with the undignified position in which the United States has been landed by being left out of the ratification of peace, must have chafed American pride. A certain amount of soreness may naturally be felt toward the Allies generally and France in particular.

President Wilson's original popularity in France was so tremendously overdone that some reaction became inevita-

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ble. But nothing so severe as actually happened could have been anticipated. At first every town and village in France hailed him as a deliverer. Streets were named after him and American soldiers were treated as honored guests. The small town high up in the Alps Mountains, in which I am now staying, has a *Place Wilson* within a stone's throw of the *Place Clemenceau,* but as yet there is no *Place Lloyd George.*

The *"Journal des Debats"* is publishing a series of special letters from a Washington correspondent which give a similar impression of the Peace Conference to that produced by Professor Keynes's book. Professing to repeat the views of an important political personage in Washington, he describes various annoyances which the President had suffered in Paris, partly in the Conference and partly in the French press. They turned him more and more to the English side until at last he threw himself into the arms of Mr. Lloyd George. The correspondent exclaims sadly that France has too much ignored American sentiment.

COMPARATIVE SITUATION OF FRANCE AND GERMANY

The chief economic question confronting Europe at the present time is whether France or Germany is to have the quickest recovery from the ravages of the world war. Or, to put it bluntly, which of them is in greater danger of ruin. For the world generally and for the great producing nations in particular this is an all-important question. A restored and rehabilitated France will be a definite guarantee for permanent peace. A reconstructed and re-armed Germany would be a perpetual menace of war. When we try to compare the moral claims of the two countries to the support and good will of their neighbors, German malice and chicanery have to be set against French loyalty and *bon camaraderie.*

Even if we confine ourselves to bare

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matter-of-fact economic issues, it will be found that France has of all the war ravaged countries the strongest claims on its former Allies. No one questions that it suffered most from the war, but few realize that it will have the hardest task to recover. From what I have seen and heard in France I can affirm positively that she has a harder ordeal before her than any other country has ever had to face. Compared with it Germany's task is simple and well within her power. She is attacking it with her traditional thoroughness and dogged resistance. In some directions she has already made visible progress and now that the Peace has been ratified her progress will be accelerated.

The two hundred thousand German prisoners who were detained in France as hostages for the ratification of the Treaty will now be released, and the bulk of them will return home to swell the labor army. They are producing largely, and if their foreign outlets are as yet limited they are making strenuous efforts to enlarge them. American financiers and business men who have visited Germany lately report, as a rule, hopefully on her outlook. They describe it as better than that of France as regards the most essential conditions of national well-being.

A sympathetic critic, F. H. Sisson, vice-president of the Guaranty Trust Company of New York, shows that her worst difficulties are transient, shortage of food being the principal one. "The lack of meats and fats," he says, "is the worst feature of the German food problem. The shortage of fodder necessitated the wholesale slaughter of cattle. To-day, Germany urgently needs foodstuffs for the next four months and forage for the next twelve months." Another good harvest or two at the most may have restored her food supplies to a normal amount and then Germany with her huge industrial organization intact goes ahead again more vigorously than ever.

Contrast with that outlook the picture of France as drawn by the same American: "France, for instance, surely needs her indemnity from Germany, and yet she appreciates fully that Germany cannot pay it unless she is allowed to work and is provided with the means of work." Very true, but who but herself hindered her getting both the means and the opportunity to work? Months ago she (Germany) might have ratified the Treaty and had all the markets in the world thrown open to her. But she preferred to persist in her traditional policy of cussed-

ness and duplicity. Even then she was trading on the gullibility of her British and American friends. When Sir George Paish's "Fight the Famine" conference was being held in London, large purchases of wheat were being made in Chicago by German agents. Full details of the transaction were published in the Chicago papers of December 2d. "A German Commission," it was said, "is in Chicago trying to obtain foodstuffs for Germany. The Commission has tendered $35,000,000 of Chinese bonds and South American securities. When the negotiable value of these has been appraised, it is likely there will be sent from Chicago to Germany a large consignment of grain and provisions as the securities of China, Argentina, Brazil and Chile should be acceptable, once the price is agreed upon."

Unfortunately for France, she has no $35,000,000 purse saved from her war wreck with which to buy grain and provisions in Chicago. The Riviera and Southern France generally, which depend on American and Argentine wheat, are living at present on very short rations. There is probably a worse famine to fight here than in any part of Germany. As for the money famine —the most serious difficulty of all— there is no comparison between the two countries. Germany can quite well afford a two-penny mark, whereas a five-penny franc may be the death of France.

The pro-Germans who would have us believe that Germany had suffered as terribly in the war as either France or Belgium conveniently forgot the sea devastated departments. A Canadian banker, Mr. M. B. Shaw, General Manager of the Union Bank of Canada, drew a ghastly picture of these awful ruins in an address delivered at Winnipeg.

"France," he said, "had received a shock of a terrible character. The blow had been of such force that the nation was staggered and stunned. Although a year had elapsed there had been practically no recovery.

"It is impossible to visualize or to convey any clear idea of the devastation of the country." With his party he had travelled by motor two hundred and fifty miles, "and in this area there was nothing left of the civilized life which had existed before the war." "France," he added (and I heartily agree with him), "could not recover through her own exertions. It was impossible. The people must have help."

The difference between France and Germany is very simple. The war wounds of the Germans are skin deep and in a year or two will be outgrown, while those of France have struck her to the heart and will take years to heal. If American politicians do not understand, American financiers do. But if their help is to be effectual, it must be given in their own good time and way. This qualification I have always maintained in the English press where the American position is still imperfectly understood. At the moment the best service that can be rendered to



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France is to increase her coal supply by millions of tons. All over France there is coal shortage amounting in some places to positive famine. The streets of Paris are as badly lighted these nights as they were a century ago, while some of its western suburbs have neither light nor power. In Puteaux, where there is a flourishing automobile industry, skilled mechanics get only three days work a week.

Next after coal and iron, the most valuable help that can be given to France is to take a hand at the reparation of the devastated districts. There are hundreds of wrecked plants still waiting to be restarted. There is also scope for any number of new industries. An agricultural reform is being delayed for lack of fertilizers which the Americans are in the best possible position to furnish. And they can do it most profitably by taking payment in five-penny francs. Unless the paper franc is to be wiped out altogether—and that is inconceivable—it is as good a lockup to-day as greenbacks were after the Civil War.

Great Britain's Financial Situation

REGARDING the talk of a large loan from the United States to Great Britain, Mr. Austen Chamberlain, the British Chancellor of the Exchequer, speaking at Birmingham said:

I have seen with great regret cables from across the Atlantic which suggest that it is the policy of the British Government to borrow vast sums in America for the purpose of loaning them to the other nations of Europe. This is not our policy. We have never thought of it for a moment, and as long as I am responsible that will not be a policy which the Government would think of adopting. We do not want to continue to add to our borrowings anywhere, and least of all in America—the one country to which we are greatly indebted. Our first task, and one which I think is on the point of realization, is to stop all new borrowings on revenue account.

Our national debt has reached its maximum. Our next object should be to stop the inflation of currency by stopping the creation of new debt, and then begin to reverse the machine, and instead of adding to the debt reduce it. Once we turn this corner, as we should in the course of the next financial year, it would be business to consider the funding of our large floating debt, thus removing from commercial and financial centers the cloud of uncertainty which it must carry with it as long as it maintained the present great proportions. These immense tasks require understanding, good will and active support from all members of the community.

There are some favorable signs in the situation. Trade is very prosperous, and the adverse balance of trade is being rapidly reduced. This certainly did not exceed £150,000,000 for the past year when allowance is made for invisible exports, the profits of shipping, the various international services rendered and the interest on investments which we still retain abroad, and I shall be much disappointed if the new year closes without that deficit being converted into a balance in our favor of at least £150,000,000. I attach peculiar importance to this, because of all the problems raised by our great debt far and away the most anxiety is caused by our external debt.

To reduce the external debt is an object of the first importance, and to do this export trade must be increased and importations from countries where the exchange is adverse restricted to the narrowest limits. The field is fairly set for efforts in these directions. We start with no favor, but with no disadvantages which the energy and enterprise of Englishmen could not overcome. Granted wise husbandry of our resources, there is little cause for anxiety and none for fear.

BARCLAY'S BANK AND THE ANGLO-EGYPTIAN BANK

Reports from London state that a provisional arrangement has been entered into by which Barclay's Bank is to become the owner of fifty per cent. of the capital of the Anglo-Egyptian Bank, the latter institution retaining its separate entity.

PENINSULAR AND ORIENTAL BANKING CORPORATION

It is reported that Lord Inchcape is the prime mover in the Peninsular

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and Oriental Banking Corporation, to be formed with a capital of £5,000,000. The National Provincial Bank, Lloyds Bank and the London County and Westminster Bank are also reported as being interested in the new bank, which will have branches at the ports served by the P. & O. and allied steamship lines.

TRADE WITH AUSTRALIA AND GERMANY

At the annual general meeting of Barclay's Bank, Ltd., F. C. Goodenough, chairman, had the following to say about trade with Austria and Germany:

It is a fact that we cannot afford to exclude either Germany or Austria, with their great populations, from the right to participate in the world's trade.

Their markets are as essential to us and to America as are the markets of America and our markets to them. The complete collapse of Germany, through her inability to trade, would not only prove a calamity to the neutral countries, but would render remote the possibility of payment of any portion of her indemnity, and these two facts would probably precipitate a crisis throughout Europe, in which the whole world might become involved.

Economic Conditions in France

SEVERAL French banks have recently increased their capital. Thus the Banque Nationale du Crédit has raised its capital to 100 million francs, the Crédit Commercial and the Crédit Foncier d'Algérie et Tunisie have raised their capital to 120 and 125 million francs respectively. The issue of

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new shares on the part of these three financial institutions has met with great success.

MEASURES AGAINST THE DEPRECIATION OF THE FRANC

The exchange situation continues to attract the attention of French financiers and economists. After a reunion of the main financial and business institutions of the country it has been decided that the remedy for the depreciation of the French franc lies chiefly with the French people. As measures against such a depreciation are suggested the following: no expenses in dollars and pounds save those absolutely necessary; development of commercial relations with those countries where the exchange is favorable to France; large imports from the French colonies; reduction of the monetary circulation; increased production. Besides these measures, it is suggested that the French Government should open negotiations with the governments of Great Britain, the United States, Argentina, Brazil, Holland, Spain, Switzerland, and the Scandinavian countries, in view of an understanding which would reduce the difference of exchange with those countries.

INDUSTRIAL RECONSTRUCTION OF THE INVADED TERRITORIES

The total damages suffered by the French industries during the war have been estimated at 17,625 million francs. The French Government has advanced so far to the various industries 3,284 million francs, of which 1,726 millions worth was of materials and 1,558 millions in cash. Out of 2,268 listed industrial establishments destroyed, 1,385, that is, sixty-one per cent., have resumed production. In the Lille district 206 establishments out of 342 are at work. The majority of these establishments are textile mills.

FRANCE'S FOREIGN TRADE

The administration of the French Custom House has just published sta-

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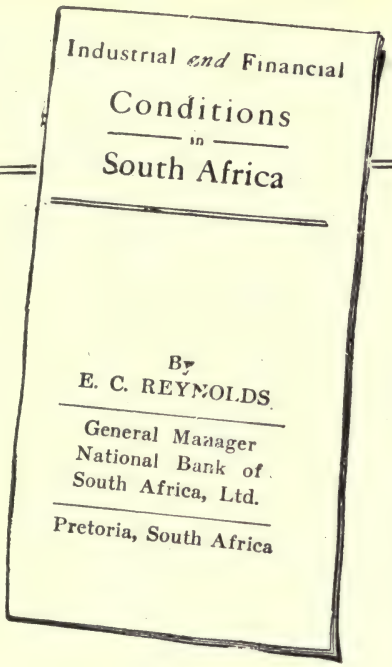
tistics regarding the import and export of France from January 1 to October 31, 1919. The total imported goods during the first ten months of 1919 reached the amount of 17,923,863,000 against 23,109,984,000 for the same period of 1918. The total of exported goods reached the amount of 4,057,188,000 francs against 5,528,494,000 francs in 1918.

Economic Conditions in Italy

THE Banco di Napoli has issued a report regarding its services toward the Italian emigrants in the United States. These services consist of financial operations on account of the Italian emigrants who have sent their funds and savings to Italy. The total of such operations has reached 236,700,000 lire. The Agency of the Banco di Napoli in New York has, moreover, lent its work for all the services required by the Italian Treasury in connection with transactions in the United States.

THE FINANCIAL SITUATION OF ITALY

Signor Schanzer, the Italian Minister of Finances, has made the following statement regarding the financial situation of Italy: The expenses for 1918-1919 have reached the amount of 32 and a half billion lire; that is, they exceed by 28 billion lire the normal expenses before the war, which amounted to 4 and a half billion lire. Of that amount more than 10 billion lire are demanded by the conditions created by the war. The receipts amount to 9 and a half billion lire.



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For the period of 1919-1920 the expenses are estimated at 19 and a half billion lire, of which 14 billions are required by the liquidation of the war. The minister has further sketched the budget of peace, which will reach the amount of 9 and a half billion lire. In this amount are comprised the expenses of the public debt, the civil and military pensions, and the exploitation of the railroads.

On October 31, 1919, the circulation of Treasury bonds amounted to 14 and a half billion lire. The confidence of the public is, however, reflected in the deposits in savings institutions, which on October 31 reached almost five billion lire. On the whole, Mr. Schanzer has declared that Italy has good reasons to be optimistic about her financial future.

THE INSTITUTE FOR INTERNATIONAL TRADE

An institute for international trade has been founded in Rome on the initiative of the Italian Minister of Commerce and Industry. Its creation has been supported by all the large business concerns of Italy as well as by the General Confederation of Industry. The main function of this institute is to supervise, promote and protect the commercial activities of Italians abroad. The state will furnish the funds necessary to the execution of this programme. It is further contemplated to open several agencies in the countries with which Italy entertains close commercial relations.

Economic Conditions in Belgium

THE Banque Belge pour l'Etranger has issued the report of its board of directors. The capital of the bank is 50 million francs, and its reserves 12,027,956 francs. The head office at Brussels, whose activity had been paralyzed for four years, has set itself the task of placing constantly improved facilities at the disposal of Belgian commerce. The importance assumed by the departments of documentary credits, acceptance credits, and advances against merchandise, show that they answer a real need. The bank has opened several branches abroad, and intends to promote the foreign trade of Belgium especially with those countries where Belgian manufactured goods are in demand.

THE LIQUIDATION OF GERMAN MARKS

In exchange for the 5,500 million of marks in bank notes resulting from payments effected by the Germans in Belgium during the war, the Belgian Government will receive, according to the decision of the German-Belgian financial convention, forty bonds of the Ger-

man Treasury bearing interest of five per cent. from May 1, 1921. The repayment of these bonds will be effected within twenty years. The bonds can be employed by the Belgian Government as means for its own operations of credit. The losses of change which Belgium will suffer on account of these bonds will be covered by means of ten bonds of the German Treasury, bearing also five per cent. interest. The financial operations necessitated by the liquidation of German marks are intrusted to the National Bank of Belgium.

Economic Conditions in Spain

THE budget of Spain for 1920-1921 reaches the amount of 1,962,830,-570 pesetas for receipts and 2,373,155,-300 pesetas for expenditures; that is, a deficit amounting to 410,324,730 pesetas. The deficit is caused by the extraordinary expenses foreseen for the development of national industries. The reforms of the Financial Commission established by the Government will establish a new scale of taxes on income, which reforms will augment the receipts and thereby diminish the deficit.

THE SPANISH BANK OF CREDIT

The Spanish Bank of Credit is one of the most important financial institutions in Spain. Its capital and reserve amount to almost 25 million pesetas. The balance of the bank for 1919 has reached the amount of 674,448,660 pesetas.

The Spanish Bank of Credit has taken an active part in the promotion of foreign trade. Its activities in this respect have been especially prosperous during the war. The general assembly of its board of directors has decided upon a policy of developing the natural resources of the country. With this purpose in view the bank will increase its capital and will open several branches at home and abroad.

A NEW BANK IN MADRID

The following Spanish banks are contemplating the establishment of a bank with a capital of 100 million pesetas: Garcia Calamarte y Co. of Madrid, Banca Castellana de Valladolid, Banca de Santader, and Crédito de Navarra y Pampeluna. The new bank will promote the foreign trade of Spain which promises to reach a more prosperous stage of development than during the war.

Belgium's Economic Recovery

Remarkable Progress Being Made in Restoring Pre-War Conditions

THE remarkable resumption of Belgium's coal mining, the complete reorganization of her transportation system, the determined progress of her wrecked steel industry, the resurrection of the great port of Antwerp, the recovery of $600,000,000 worth of machinery stolen by Germany, the firm and orderly adjustment of her labor problems, the repopulating of her textile mills, and her reëntry into world finance as one of the great trading nations—these are some of the bolder outlines in a sketch of New Belgium, entitled "Belgium's Recovery," just written by D. L. Blount, an American who until recently directed the central information office of the Belgian Ministry of Economic Affairs. This booklet, issued in connection with the placing of a $25,000,000 loan in this country by the Belgian Government, tells a story paralleled only by the historic recovery of France after the war of 1870.



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The degree of Belgium's recovery must be measured by the purposeful and scientific destruction Germany inflicted on her. Her factories were not merely wrecked. The Germans destroyed them in such a way as to make their rebuilding peculiarly difficult, and to eliminate their competition entirely after the war. This is the key to Mr. Blount's interpretation of the new Belgium.

"The most striking figures," says Mr. Blount, "of the actual resumption of Belgian industry for the first ten months of 1919 as compared with those for the corresponding period of 1913 are the following: Coal mines, 94 per cent.; refined sugar, 100 per cent.; cotton spindles in operation, 75 per cent.; cotton looms, 60 per cent.; wool products, 75 per cent.; shoes, 70 per cent.; window glass, 34 per cent.; plate glass, 36 per cent. Even the steel mills, which suffered most, have resumed 30 per cent."

First fuel, and then transportation; these are the dominant influences in Belgium's recovery. Of the Belgian coal situation, Mr. Blount writes:

COAL

"Coal production in October was 99 per cent. of normal, figures for October last being 1,884,740 long tons. During the first nine months of 1919 Belgium exported 2,970,871 long tons. These exports have been made on a basis of reciprocity."

TRANSPORTATION

With a total of 5,400 miles, Belgium had the greatest railway mileage of any country in proportion to territory. Of this, 1,366 miles of standard gauge track had been destroyed at the time of the armistice, and more than 1,400 bridges. "Yet," says Mr. Blount, "all but 35 miles of track, rendered useless by the devastation of the adjacent area, has been reconstructed. So rapid has been the work of repair that there is practically no vestige of the war on the roadbeds of Belgium and, furthermore,



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great extension work has been carried on. There has been a steady reclaiming of rolling stock from Germany, although much of it was in very bad condition, and together with what was left of the former Belgian rolling stock, requires constant repairing. Notwithstanding these difficulties, in September last, 40 per cent. of the passenger service and 50 per cent. of the pre-war freight traffic had been resumed."

STEEL

No less important in Mr. Blount's analysis is the Belgian steel situation, of which he says: "The effort which Belgium is making to regain her position as a large exporter of steel products (she exported before the war 79 per cent. of her production) is shown by the fact that in the first nine months of 1919 she shipped abroad 92,000 long tons, the exports for September alone being 46,000 long tons. Comparison of certain figures for October last with those for the corresponding month of 1913 shows the following percentages of resumption: Cast iron, 18 per cent.; iron or steel wire and rods, 55 per cent.; nails, 55 per cent."

AGRICULTURE

Belgium, so frequently called the "kitchen garden of northern Europe," is once more in a strong position agriculturally. Belgium's soil used to yield on an average about $100 per acre; greater than any other country. Three-fifths of her total area was under cultivation. According to Mr. Blount not more than one per cent. of her total area came under actual devastation from trench warfare, and a recent governmental appropriation of 40,000,000 francs has given a great impetus to the restoration of even this comparatively small district near the "last ditch of the Yser."

TEXTILES

With agriculture, coal and steel ranks the textile industry of Belgium. Among the important statistics noted



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A Natural Granary

FROM THE DAYS of Roman dominion Morocco has been a granary. Climatic conditions and character of soil promote agricultural wealth. Separated from the desert by the great chain of the Atlas, western Morocco consists of a series of plateaus descending toward the Atlantic. Mountains protect them from hot desert winds and the Atlantic supplies moisture. A total of 7,500,000 acres, of which 5,000,000 are in the French Zone, are under cultivation.

In exchange for its wheat, barley, maize, goat and sheep skins, Morocco is purchasing manufactured goods, including building materials, clothing, foodstuffs and machinery. American business men are finding Morocco a market of increasing promise.

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by Mr. Blount, we find that the cotton mills have attained 75 per cent. of their pre-war capacity. "Wages have been increased 150 per cent. About 90 per cent. of the workmen are unionized and a spirit of satisfaction seems to prevail among them. Mills are booked well ahead with orders, including shipments to Holland, England, France and South America—45 per cent. of Belgium's textiles were exported before the war." The flax spinning and weaving mills of Flanders have resumed about 50 per cent., the woolen mills about 75 per cent.

OTHER RESOURCES

Zinc and window glass, both very profitable industries, have likewise come back in very gratifying ratios, and behind all of Belgium's domestic strength ranges the great potential wealth of her holdings in the Congo. The economic future of this territory, 80 times as large as Belgium proper, is so great, according to Mr. Blount, "as to make all speculation seem paltry."

LABOR

Few countries have had less difficulty than Belgium in adjusting their post-war labor problems, first, explains Mr. Blount, because "the Belgian laborer did not receive the high war wages which munition workers obtained in other allied countries during four years, and the passing of the war has meant to him an increase in wages rather than a threatened reduction to a scale in keeping with the new conditions. Second, the high cost of living has not affected the laborer in Belgium in the same degree as in other countries, owing to his natural thrift and to the remarkable organization of Belgian co-operative societies."

FINANCES

The net result of Belgium's pre-war conservatism, and of her rapid recovery since the armistice, is to place her finances in an unusually favorable position, which Mr. Blount explains in detail, continuing: "On June 24, 1919,

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the Council of Five signed an agreement giving formal approval to priority for Belgium to the amount of 2,500,000,000 gold francs ($482,000,000) out of the reparation to be paid by Germany. Of this—it is understood that Belgium will use $227,000,000 toward the repayment of $252,000,000 advanced to her by Great Britain, France and the United States since the Armistice.

FOREIGN TRADE

In her foreign trade, too, Belgium is again making herself felt. Her general exports for the first ten months of 1919, reached 47.6 per cent. of the pre-war value. In the first nine months, she imported from the United States alone an amount equivalent to $37 for every inhabitant. She ranks fifth among the nations of the world as a market for United States exports at the present time. "Unfortunately," comments Mr. Blount, "the more we sold to Belgium the less she could buy, as her exports to us were less than one per cent. of her purchases from us. Belgian exchange kept falling until Belgians were paying more than 100 per cent. premium on goods bought from the United States. Inability to relieve the Belgian exchange situation has recently obliged Belgians to limit their purchases to the strict necessities unobtainable elsewhere and has forced them, against their will, to buy from Germany those products which our manufacturers could not sell them on long-term credit."

In conclusion, Mr. Blount finds that "to buy new machinery as well as raw materials, Belgium needs credit of sufficiently long terms to permit her industries to bring up the volume of exports, and thereby reduce the unfavorable trade balance which now militates against her outside purchases."

Industrial and Financial Conditions in South Africa

THROUGH the courtesy of R. Saunders, Esq., New York agent of the National Bank of South Africa, Limited, THE BANKERS MAGAZINE has received an interesting article by E. C. Reynolds, Esq., general manager of that institution, the head office of which is located at Pretoria. After stating that the present period in the history of South Africa is fraught with great future possibilities, the article says:

The enterprise of many of our citizens whose intelligence, perseverance and pluck have during the last twenty years developed such industries as are already established in the country has focussed the minds of a large section of the people on the possibilities of industries generally in this up to now almost purely agricultural and mining country and have enlisted—I would almost say forced—a conviction on all thinking men that the age of experiment has passed and that the time for action on a scale hitherto not contemplated has arrived.

A tribute in this respect, and a handsome one, must be paid to the educative activities of the Department of Industries of the Union and to the breadth of view and expansive sympathy which the Minister of that Department and the Government of the Union as a body have extended to the question and their actions, viewed in the light of experience of other nations similarly situated, give one reason to look forward at no very distant date to developments in this country which will, I hope, surpass even many sanguine expectations.

Both the German and Japanese industrial organizations are then sketched, and this conclusion reached with respect to them:

It will thus be seen that the industrial progress of the two nations I have instanced cannot apply to a country like South Africa with a relatively small population of some 1,400,000 Europeans and, say, 5,200,000 others in the Union and adjacent territories; but speaking industrially, we should be able to influence the markets on the African continent south of the equator and thus add probably fifteen to twenty millions —mostly aboriginals, it is true—to the number of consumers for our output.

As all things have a beginning and as the coat is always cut to the cloth I am sure that those interested in the development of our industries are taking a sane view of the position, and with so much experience drawn from other countries they will be able to so adjust means to attainments that a healthy progress will be the result.

In my anticipation I am fortified to a large extent by the fact that we have in this country a number of men who by special training and tradition are well qualified to direct industries and although the supply of skilled workers is not as great as one could wish, the opportunities for technical training, which are now at the disposal of the youth of the country, should produce even in the present generation a body of men quite capable of meeting the needs of the situation. In fact, so far as the purely mechanical side of the question is concerned, I have, from all the information I can gather, no fear for the future.

RESOURCES OF SOUTH AFRICA

With this short allusion to the productive side I will pass on to discuss the financial resources of the country which are or may be available for industrial expansion. I feel that to take this part of the question literally and to treat it in any dogmatic fashion would be unprofitable and might lead to a wrong impression being formed as to the resources already in the country at the command of industry. I have seen it argued—superficially, I fear—that because the published statements of the banks show a large increase in deposits over those existing at the commencement of the war there is, therefore, so much spare capital to devote to industrial schemes, and it is almost taken for granted that those spare balances should be exploited for that purpose.

It will be of use if I give the banking figures in the Union on which the assumption I have alluded to is based and which are compiled from the published statements of all the banks:

JUNE, 1913	
Deposits	£35,941,127
Advances	32,601,376
Surplus	£3,339,751

JUNE, 1918	
Deposits	£58,655,012
Advances	38,650,255
Surplus	£20,004,757

To one with inside knowledge these figures are susceptible of a good deal of analysis, and while admitting that a large increase has taken place in the liquid capital of the country, there are deductions to be made which, when stated, will modify the view of those who think that money in abundance will be forthcoming for industries. The

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Over Fifty-five Million Dollars

NATIONAL BANK OF COMMERCE 1839 IN NEW YORK

first deduction I would make is the equivalent of what will be necessary to replace the stocks of many merchants and importers which have been depleted owing to war conditions, the shortage being represented by cash at banker's or in other liquid forms against the time when shipping and supplies will again become normal. The aggregate of these sums is very considerable and must be reckoned with. The next is that through the sudden termination of the war there may be heavy financial adjustments necessary in the case of traders holding large stocks of particular goods at top prices which may conceivably be brought into competition with later importations at lower values.

The adjustments alluded to will, of course, mean the absorption of a certain amount of surplus balances presently lying with the banks to the credit of the traders concerned and so lessen the amount of liquid capital available for industrial undertakings. It is common knowledge that a good deal of the money available for investment at the moment belongs to members of the farming community, and has accrued during the war from causes which are also well known. It is also common knowledge that a good deal of this money will flow into its natural channel, viz., agriculture, by which I mean the provision, when supplies allow, of agricultural machinery, pedigree stock, and improvement to farms generally, and as developments in this direction are as urgently necessary as industries, there will be competition for capital in both directions, and the supplies for industries may not be forthcoming as readily as one might expect.

POSITION OF THE BANKS

It may be said that the South African banks have in the past liberally come to the assitance of industrial undertakings with the means at their disposal, but it is doubtful whether with their existing resources it would be wise to go further. The balances held by the banks of deposit are the property of their customers, and if the latter care to invest them in industrial undertakings well and good, but that decision entirely rests with the private investor himself and not with the bank. I emphasize this, as possibly it may be assumed by some that the banks have the power, if they so desire, to use these balances in financing industries to a greater extent than they have done in the past.

OTHER SOURCES OF CAPITAL

In addition to the balances in the hands of the banks there are other sources of capital available, such as the considerable sums in the Government Savings Bank which aggregated £7,243,722 on June 30, 1918.

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch; 16 Rue Halevy. **Antwerp Branch: 22 Place de Meir**
Lisbon Branch: 32 Rua Aurea

	($5=£1.)
CAPITAL (Authorized) - - - - - -	**$20,000,000**
SUBSCRIBED CAPITAL - - - -	**15,000,000**
PAID-UP CAPITAL - - - - - -	**10,200,000**
RESERVE FUND - - - - - - -	**10,500,000**

DIRECTORS.

E. ROSS DUFFIELD, ESQ.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C.E.
KENNETH MATHIESON, Esq.
J. W. BEAUMONT PEASE, Esq.
HERMAN B. SIM, Esq.
Sir RICHARD V. VASSAR-SMITH, Bart.
ROBERT A. THURBURN, ESQ.

BANKERS: BANK OF ENGLAND;
LLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARR'S BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Maceio, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curityba, Pelotas, Porto Alegre, Victoria, also an agency at Manaos. URUGUAY:—Montevideo, Montevideo. Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.
Drafts and Cable Transfers Sold on all Branches and Agencies.

Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, AGENT.

There is no reason to suppose that the owners of this money will not, when favorable opportunities present themselves, employ some of it in a more remunerative form by investing in industrial enterprises which have proved successful, but the class of investors concerned, mainly with a minimum amount of risk, is likely to require a good deal of persuasion before changing their investments.

We have next to consider the capital which is at the disposal of the mining and financial houses. These highly organized corporations have for many years been a channel for assembling capital with which to develop the gold mining industry. May I hope it will be possible at an early date for some of them more fully to turn their attention to the exploitation of certain base minerals and the manufactures cognate thereto? The technical skill and elaborate organization at their disposal are two primary points which mark them out as peculiarly fitted to lead the way in the direction I am indicating.

The National Industrial Corporation of Africa, Limited, recently formed, is to my mind an ideal method of fostering industries, and the progress of the institution named will be watched with great interest. Starting with a moderate capital, already subscribed with power to increase it to an unlimited extent and furnished as it will be, with recourse to a technical staff of high order, and a board of directors whose business ability should insure success, this may be taken as the model organization for assembling capital with the particular object of financing industries.

An institution of this kind is, of course, capable of participating in many different enterprises, and as its functions will be exercised over such a wide field, much experience will be gained of many industries, and the guidance which will in consequence be at the disposal of persons starting new industries will go a long way to attract capital for their development if they are directly or even indirectly under the auspices of the National Industrial Corporation.

Perhaps no country in the earlier stages of its industrial development, such as South Africa now is, has had a more helpful organization than this placed at its disposal, and from the fact that it is to be financed by private money, managed by leading business men and entirely free from all association with Government or vested interests, I think the country is to be congratulated on its establishment. I can place no limit to its future activities.

The British Trade Corporation, an institution recently formed in Great Britain more with the object of finding outlets for British goods and undertaking contracts

World-Wide France

THE French field means a great deal more than just France. It includes all countries where French is spoken by a considerable portion of the population or is freely used by traders.

Such countries are Belgium, Luxembourg, Switzerland, Egypt, Asia Minor, Syria, besides the French Colonial Dominions in Algeria, Tunisia, Morocco, West-Central and East-Africa, Madagascar, Indo-China, Annam, Oceania and South America. This represents 125,000,000 French-speaking people and a territory larger than the whole North American Continent.

Merchants transacting business or wishing to develop business with any section of that large field, can obtain useful information and assistance from us.

FRENCH AMERICAN
BANKING CORPORATION

67-69 William Street, New York

Exchange bought and sold. Commercial credits opened on all parts of the world Orders for French Government Bonds executed. Holders of French coupons no wishing to collect same at present exchange rates are invited to consult with us

abroad in which British manufacturers will play a large part, may not exactly form a channel for capital to develop South African manufactures, but it is not unlikely that in the course of its activities it may find it desirable to recommend the British manufacturer to establish branch industries in this country, or may find it suitable to treat some of our mineral or other products up to a stage which will enable them to be shipped to Europe in a more concentrated form than at present and thus save a good portion of the cost of transport now unavoidable.

There is another source from which capital may be attracted for the purpose we are discussing—I allude to the direct oversea market. This source requires to be considered from a good many points of view. The economic position in which the termination of the war finds all the European nations at first sight gives one to think that there is not likely to be any capital available for undertakings such as we in South Africa can offer, and that the vast sums which will be required to replace the ravages of war will find in Europe more than an ample field for investment and at attractive rates of interest. There is also the likelihood of preference being shown by European investors for the employment of their money close to their own doors, not only from the economical but also and to a very large extent from the sentimental point of view.

A NATIONAL DUTY

Much leeway has to be made up by the suffering populations of invaded territories, and it will be a natural duty to see these restored before a thought is given to sending money for investment in other countries unless the proposal reveals prospects of a very satisfactory return. But even to this picture there is another and an encouraging side. Many men who prior to the war were engaged in or thought of being engaged in manufacturing pursuits in Europe will prefer a country such as this, where conditions are perhaps more to their liking and where possibly better results can be obtained from knowledge and capital applied to industries.

The high cost of living which will obtain in Europe coupled with the incidence of heavy taxation, will encourage men to turn their thoughts to this country, which is one with the lowest scale of direct taxation in the empire and where labor is relatively cheap. This is said on the understanding that the "color" bar is not to be imposed, but that all labor available is to be free to participate in the development of industries. Any stipulation to the contrary would be fatal to progress, at least in the initial

The Union Bank of Manchester, Limited

Head Office
17 York St., Manchester, Eng.

Liverpool Office
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

	($5=£)
Nominal Capital	**$12,500,000**
Paid-up Capital	**3,750,000**
Reserve Capital	**3,750,000**
Subscribed Capital	**7,500,000**
Reserves	**2,825,000**
Surplus over Liabilities	**10,325,000**

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

stages, of almost any local industry not protected by an unduly high tariff.

"HOME CAPITAL."

I would like to touch on one aspect of the "home" capital, as I may call it, i. e., the capital which is available in Africa and which the owners are disposed to risk in industrial ventures, with a view to indicating the lines which promoters might follow when they wish to obtain the funds necessary for the initiation or development of their enterprises. I think if the venture be a sound one that the supplier of the raw product, i. e., the grower as distinguished from the middleman, should take a financial risk in the process of manufacturing that product, and this would extend to a fairly wide degree.

For example, the farmer's supplies of cream, hides and skins and meat are purchased at his door almost by the creamery, the tanner and the cold storage companies respectively and primary industries of this nature should look to the farming community for capital. The manufacturers of boots and shoes are again brought most into contact with the dwellers in towns and might quite reasonably and naturally seek capital even in small individual lots from dwellers in the towns. Paper making, which is an industry not over remote in this country, could be supported by both capital and orders from the printing trade of the country. These are merely given as a few examples.

GOVERNMENT CONTROL

In conclusion I would touch on the important question of Government control as applied to industries and would say that outside key industries the less the Government interferes with such matters the better it will be for all concerned. The traditions of the inhabitants of this country, or at least those of them most likely to engage in industries, are all against a policy of Government interference, and as their forefathers proved their capacity for successfully managing such there is no reason to suppose that those who may in future handle business of this sort will require or desire any direct State interference at all.

SOUTH AFRICA'S PROMISE

A promising field for industries in Africa south of the Equator.

The men to handle such are available.

There is sufficient local capital at hand to finance industries, but the allocation of it is almost entirely at the will of private owners.

An "atmosphere" of industrial investment will have to be cultivated to induce owners

How Marine Insurance Serves Business



Good American Dollars

Is your marine insurance payable in American money or a foreign currency of less value?

We suggest that you look up your marine insurance policies to make sure that in case of loss, payment will be made to you in good American dollars. There is sound advice in the words of Representative Edmonds of the Committee on Merchant Marine and Fisheries:

"Hundreds of millions of dollars of insurance in this country are written in British companies and are made payable in pounds.

"A policy in an English company which, before the war, would in the event of a loss pay $1,000, at the present rate would pay only $600. Every person having a policy of insurance to-day should investigate it, and if written in this manner, should insist on having an agreement to be paid in dollars from the company or should cancel the policy and place it in some good, reliable American company."

We give service and information to all interested.

We accept risks only through licensed Brokers.

The Washington Marine Insurance Co. of New York

MARINE AND AUTOMOBILE INSURANCE

Home Office: 51 Beaver Street, New York



The National Bank of the REPUBLIC OF CHICAGO

OFFERS exceptional service in exceptional times, and invites the accounts of responsible people requiring Chicago facilities.

Capital and Surplus $3,000,000

OFFICERS

John A. Lynch - - - President		Thomas D. Allin - Asst. Cashier	
Wm. T. Fenton, 1st Vice-Pres. & Mgr.		Louis J. Meahl - - Asst. Cashier	
Robt. M. McKinney - 2nd Vice-Pres.		Wm. G. Freeman - Asst. Cashier	
Watkin W. Kneath, - 3rd Vice-Pres.		Chas. S. Macferran - Asst. Cashier	
Oscar H. Swan - - - Cashier		Walter L. Johnson - Asst. Cashier	

to participate in the undertakings we are discussing.

Careful preliminary investigation, the total avoidance of "watered" capital and sound management are essential before the public can be expected to come in.

Much will depend on the fiscal policy adopted by the country as to whether the products of some of the new industries will be able to compete with those of older manufacturing countries, but those already established should be able to face the future with confidence.

The Chinese Consortium

WITH a view of coming to a better understanding with Japan regarding the consortium of banks recently formed for participating financial operations in that country, Thomas W. Lamont, as representative of the American group of bankers, recently sailed for the Orient.

The American group which Mr. Lamont will represent is made up as follows:

New York—J. P. Morgan & Co., Kuhn, Loeb & Co., First National Bank, National City Bank, Guaranty Trust Company, Chase National Bank, National Bank of Commerce, Bankers' Trust Company, Central-Union Trust Company, Equitable Trust Company, Harris, Forbes & Co., Brown Brothers & Co. and Halsey, Stuart & Co.

Boston—Lee, Higginson & Co., Kidder, Peabody & Co., First National Bank and National Shawmut Bank.

Chicago—Continental and Commercial Trust and Savings Bank, First Trust and Savings Bank, Harris Trust and Savings Bank, Illinois Trust and Savings Bank and Northern Trust Co.

Philadelphia—Commercial Trust Co. and Girard Trust Co.

Pittsburgh—Union Trust Company and Mellon National Bank.

St. Louis—St. Louis Union Trust Company, Mercantile Trust Company and Mississippi Valley Trust Company.

San Francisco—Anglo and London

The Logical Bank to Handle Cuban Business

Banco Internacional de Cuba

Authorized Capital $10,000,000
Capital Paid In . . 5,000,000

Statement of Condition on December 31st, 1919

Resources

Cash on Hand	$6,446,085.33	
Remittances in Transit	1,507,474.30	$7,953,559.63
Due from Banks and Bankers: (Current Accounts)		730,925.53
Loans and Discounts		14,572,768.23
Bonds and Securities		1,181,054.50
Real Estate, Furniture and Fixtures		845,806.31
Securities in Trust		1,627,749.22
Customers' Liability under Letters of Credit and Acceptances		1,616,032.66
Total		$28,527,896.08

Liabilities

Capital Paid in	$5,000,000.00	
Surplus	98,513.01	
Undivided Profits.	377,211.26	$5,475,724.27
Due to Banks and Bankers: (Current Accounts)		839,073.66
Deposits		18,941,392.19
Other Liabilities		3,556.05
Employes' Pension Fund		13,310.02
Employes' Participation (On profits as per statement June 30th, 1919)		11,058.01
Securities in Trust		1,627,749.22
Letters of Credit and Acceptances		1,616,032.66
Total		$28,527,896.08

90 Branches located at all leading points as well as an intimate knowledge of Cuban Commerce requirements and customs

Inquiries invited

FOREIGN DEPARTMENT

HEAD OFFICE . . . . HAVANA, CUBA

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President
RAFAEL MORENO, Secretary
D. GARCIA, Cashier
O. M. SHUMAN, Chief Foreign Dept.

($0.50 = 1 peso)

Capital fully paid-up . . . (pesos) 6,750,000.00

Reserve Funds 4,250,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.
Spain: Banco Hispano Americano
Hongkong: Netherland India Com'l Bank
San Francisco: Wells Fargo Nevada Nat'l Bank
New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.
Paris; Comptoir Nat'l d'Escompte
Australia: Bank of New South Wales
Shanghai: Bank of Canton, Ltd.
Chicago: Continental & Commercial Nat'l Bank
Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

Paris National Bank, Bank of California and Wells Fargo Nevada National Bank.

New Orleans—Whitney Central National Bank.

The present consortium of American and foreign banks succeeds an earlier one formed in 1900 by banks of the United States, Great Britain, France and Germany. Under the auspices of this group a loan of £6,000,000 was made to the Chinese Government for railway purposes. In 1912 the group was enlarged to include Russia and Japan. Soon after the beginning of the Wilson Administration the United States dropped out, and the war virtually ended the coalition. In 1918 the matter of forming a new group was broached by the American Government, proposals on the subject being addressed to the Governments of Great Britain, France and Japan. These countries and the United States have given their approval to the plans of the consortium, but the Japanese Government has expressed some reservation in regard to certain portions of China in which she feels that she has particular interests. It is altogether probable Mr. Lamont, on his forthcoming trip, will discuss with the Japanese group, which embraces all the leading institutions in Japan, the particular points in question, with the idea of ascertaining definitely whether the Japanese group desires to enter into the working partnership with the other three groups.

A meeting of the representatives of the four groups was called in Paris on May 12 last with Mr. Lamont in the chair. At that time general plans were made for the working of the consortium, the principles involved being:

(a) That no country should attempt to cultivate special spheres of influence;

(b) That all existing options held by a member of any of the national groups should, so far as practicable, be turned into the consortium as a whole;

(c) That the four banking groups of the countries in question should act together in concert and in an effective

partnership for the interests of China; and

(d) That the consortium's operations should deal primarily with loans to the Chinese Republic or to provinces of the Republic, or with loans guaranteed or officially having to do with the Republic or its provinces; and in each instance of character sufficient to warrant a public issue.

It was distinctly understood that the operations of the consortium should not interfere in any respect with private operations in China for the development of individual industrial, commercial and banking projects, but that where the general interests of the republic or of its provinces were concerned the consortium would attempt to act as a unit and lend its financial aid to China. The general constitution and principles thus adopted at the meeting in Paris were presented to the governments of the respective groups for their approval.



NILS PARMANN
Manager Nordisk Bankinstitut, Christiania, Norway

Prominent Norwegian Visits the United States

AMONG the many prominent foreign bankers who have recently visited the United States is Mr. Nils Parmann, manager of the Nordisk Bankinstitut of Christiania, Norway. Although a native of Norway, Mr. Parmann resided in this country and was for twenty years connected with the foreign department of the Fourth Street National Bank of Philadelphia. His present visit here is for the purpose of



Nordisk Bankinstitut, Christiania, Norway

Foreign Exchange Department

Letters of Credit Negotiated

Arrangements can be made for the importation of merchandise through the use of dollar acceptances

Capital $3,000,000 **Surplus $1,000,000**

OFFICES

Market and Fulton
81-83 Fulton St.
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Eighth Street
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New York

Aetna
92 West Broadway
New York

Long Island City
Bridge Plaza
Long Island City

Flatbush
839 Flatbush Ave.
Brooklyn

New Utrecht
New Utrecht Ave. & 54thSt.
Brooklyn

Brooklyn
350 Fulton St.
Brooklyn

New York National Irving Bank

Frederic G. Lee, President

Woolworth Building, New York

extending the relations of his bank with American banking institutions. Asked as to conditions in Norway, Mr. Parmann said:

We are having a rather unpleasant period now on account of the extraordinary high rate for American dollars in Norway. It means a frightful loss for our importers if they are compelled to pay for their imports at the present rates. Many of them have refused to honor the drafts as they appeared. They have asked for extensions. Some have been accommodated with such extensions but others have been ignored, thereby causing bad feeling. I would advise those exporters and banks who have good connections in Norway to do their utmost now to accommodate their friends; it means so much to them and it will cement the friendship for years to come, and it will pay. The Norwegians are very sensitive. They seldom forget neglect or rough treatment. At the same time they have long memory for kindness shown them.

The Nordisk Bankinstitut began business in 1917 with a capital of 8,000,000 kroner. Its balance sheet for last year shows a turnover of more than one and one-half billion kroner, which is regarded as extraordinary for a bank of its size. Its board of directors consists of the following: Ragnvald Blakstad, Peter Johs. Petersen, Harald Boe, Helge Erichsen, Oivind Lorentzen, Nils Parmann, Leif Groner.

Mr. Ragnvald Blakstad, chairman of the board, is one of Norway's greatest men of affairs, while the other directors are prominent in their respective fields.

The bank devotes special attention to American business, and Mr. Parmann's experience in banking both in Norway and the United States gives the institution considerable advantage in this respect.

Impressions of Cuba

NEW ORLEANS is strengthening its relations with Cuba and Cuban business, a recent instance of this be-

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office: HELSINGBORG, Sweden

Branches STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 62 other Places in Sweden

($0.26 = 1 Kr.)

Capital Paid Up . .	Kr. 30,000,000
Surplus About . .	Kr. 17,200,000
Resources About . .	Kr. 373,000,000

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

Inquiries and applications for terms are cordially invited and will find prompt attention

Principal New York Correspondents { The Mechanics & Metals National Bank / The National City Bank of New York

ing the election of President R. S. Hecht of the Hibernia Bank and Trust Company to the board of directors of the Banco Mercantil de Cuba, Havana. Mr. Hecht, who visited Cuba a short time ago, gives some very interesting impressions of the country in the "Hibernia Rabbit," from which these extracts are taken:

Agriculturally, commercially and industrially, the island has been going ahead by leaps and bounds, and this year especially the country will enjoy an era of unprecedented prosperity.

The estimated sugar production this year is about 4,000,000 tons, against 1,800,000 tons in 1912 and 2,500,000 tons in 1914.

At an average price of 10 cents per pound this would mean an income of about $80,000,000 from one crop alone, and it is hardly necessary to point out what that will mean to the farmers, merchants and manufacturers on an island with a population of less than three million—(of whom 70 per cent. are white and 30 per cent. negroes.

Next to sugar, tobacco is the most important crop in Cuba. It grows in many parts of the island, but the best quality and the kind that commands the highest price of any tobacco in the world comes from the extreme western part.

Tobacco is a very delicate crop, but it usually pays the grower handsomely for all the trouble he is put to in making it. Tobacco grown under "shade," i. e., under cheese cloth, generally brings the best pecuniary results because under this method the moths which germinate the destructive worms are unable to reach the leaf. Returns to growers of "shade" tobaccos are sometimes quite phenomenal, several thousand dollars having been realized from one acre under cheese cloth.

Commercially, too, the island has made wonderful progress during the last few years, and here also American influence is great and American energy and capital are usually welcomed.



International Banking Notes

The Swiss Popular Bank of Berne, has issued a table of statistics showing the range of value of the various securities listed on the Berne Bourse during the year 1919.

———o———

The balance sheet of the London Joint City and Midland Bank Limited, made up on December 31, 1919, compares as follows with the position shown by the bank on December 31, 1918:

LIABILITIES

	Dec. 31, 1918 £	Dec. 31, 1919 £
Capital paid up.....	7,172,697	8,417,335
Reserve fund	7,172,697	8,417,335
Current, deposit and other accounts....	334,898,436	371,742,389
Acceptances	13,145,849	29,014,568
Profit balance, etc., and dividend payable	1,126,978	1,257,144
	363,516,657	418,846,771

ASSETS

Cash in hand and at Bank of England.	*63,756,371	*60,216,796
Cheques in transitu	2,001,487	8,050,607
Money at call and at short notice..	65,809,169	18,439,152
Investments	61,600,652	67,303,428
Bills of exchange...	39,249,296	52,889,521
Advances on current and other accts..	99,213,615	162,966,745
Advances on war loans	14,218,201	15,589,303
Liabilities of customers for acceptances	13,145,849	29,014,568
Bank premises	3,762,327	3,618,961
Belfast Bank shares	759,690	759,690
	363,516,657	418,846,771

Nordisk Bankinstitut A/S

Christiania, Norway

Paid up capital of 8 Million Kroner

Makes American business a specialty and offers its services to banks and bankers in the United States of America.

During the first ten months in 1919, the total value of goods imported into France was 23,109,984,000 francs, distributed as follows:

	francs
Foodstuffs	6,830,931,000
Raw materials	9,909,786,000
Manufactured articles	6,369,267,000
Imports have increased	5,186,000,000

francs over the corresponding period in 1918.

The value of exports during the same period totalled 5,528,494,000 francs, distributed as follows:

	francs
Foodstuffs	643,059,000
Raw materials	1,102,969,000
Manufactured articles	3,363,030,000
Parcel post	419,436,000

Exports increased 1,471,000,000 francs over the corresponding period in 1918.

*Including £8,000,000 of gold coin.

—o—

The net earnings of the Skandinaviska Kreditaktiebolaget for the year 1919 amount —after carrying over Kr. 10,000,000—to a delcredere account—to Kr. 30,151,815.34, to which has to be added Kr. 2,612,468.61 brought forward from 1918, making a total of Kr. 32,764,283.95 (for the year 1916 the Skandinaviska Kreditaktiebolaget had a net profit of Kr. 20,494,189.63 and the Aktiebolaget Skanaka Mandelsbanken, which bank was taken over by the Skandinaviska Kreditaktiebolaget last year, a net profit of Kr. 3,338,933.06, total Kr. 23,883,182.69). Having set apart Kr. 10,000,000 for taxes, the Board of Directors recommend a dividend of Kr. 30—per share (21.13 per cent) —1918; Kr. 25—per share—requiring Kr. 18,420,000—and to appropriate to the employees pension fund Kr. 725,000—leaving a balance of Kr. 3,619,283.95 to be carried forward to new account.

The Skandinaviska Kreditaktiebolaget publishing the following statement of condition, January 31, 1920:

ASSETS

Cash	Kr.	25,644,525:61
Loans on securities	"	441,411,533:35
Bills discounted	"	296,252,816:15
Securities	"	39,601,343:87
Current accounts	"	345,530,519:87
Due from other banks	"	178,790,978:71
Sundry accounts	"	88,992,673:34
Bank premises	"	12,720,148:73
	Kr.	1,428,944,639:63

LIABILITIES

Paid-up capital	Kr.	87,188,000:00
Reserve fund	"	94,812,000:00
Deposits	"	572,771,530:50
Current accounts	"	402,940,440:53
Due to other banks	"	134,927,361:96
Sundry accounts	"	111,619,234:99
Bills in circulation	"	24,686,071:65
	Kr.	1,428,944,639:63

—o—

Advices received from London of the British Government's work in eliminating unnecessary war expenditures indicate that about $280,000,000 has been saved by the Ministry of Munitions alone through the liquidation of various contracts for war supplies which were in hand at the armistice.

The number of contracts in which stoppage of deliveries was effected almost wholly or in part was 21,775 and they called for expenditures of about $625,000,000. Efforts toward their liquidation were begun soon after the armistice and by December 31, 1918, 70 per cent. of the deliveries had been stopped. Within another month the stoppage was 90 per cent. of the contracts and by the end of March, 1919, the cancellation was practically complete.

In the case of 3,029 other contracts of

an aggregate value of about $65,000,000, the supplies were of a character required by the Government in spite of the armistice and deliveries were accepted. In liquidating contracts upon which stoppages were effected, deliveries already made, work in progress and compensation allowed in consideration of their being cancelled, required the payment by the Government of about $345,000,000.

At the time of the armistice the Munitions Ministry had agreements to pay to various concerns approximately $64,000,000 on account of capital expenditures. About $4,000,000 of this sum was salvaged through a reduction effected in the liability, bringing the total amount saved by the Ministry up to about $284,000,000.

A sub-committee of the Select Committee on National Expenditure is deciding claims preferred by contractors who allege hardships inflicted by reason of the stoppage of contracts. The Committee has adopted the general rule of not recommending an allowance where any profit is shown on the contract, even though the profit may be smaller than it would have been but for the circumstances on which the claim is based. They also take into account in deciding for or against allowances, whether the contractor has made other profits on previous contracts.

———o———

Combining under the Webb law to meet the intense and highly organized competition of foreign organizations, more than one hundred American organizations in the last year have filed their papers with the Federal Trade Commission, according to a summary just made by the Guaranty Trust Company of New York, in its new booklet, "Combining for Foreign Trade."

Hitherto, it says, "in various manufacturing industries, higher manufacturing costs and comparative inexperience in export trade" have made it "extremely difficult at best for Americans to compete with foreigners for trade abroad. Therefore, meeting severe competition from powerful foreign combinations, and through dependence on foreign cable and telegraph companies, foreign banks and ships, forced to risk exposure of the secrets of their overseas business to their foreign competitors and to risk effective discrimination against their trade, American manufacturers, and especially the smaller producers, have been at a decisive disadvantage in export trade."

Not only the most powerful selling combinations in the world, such as the electrical and dye-stuffs combinations in Germany, and the famous Cambrian coal combine of Great Britain, have worked against them in competitive markets, but large foreign buying combinations have helped to depress American export prices, by making individual American producers bid against each other. "It is obvious," says the Guaranty Trust Company, "that the only way in which to meet collective buying effectively is by collective selling." Yet, as it points out, "there is no 'rule of three' by which any selling organization for export trade can be put together. The domestic problems of each industry have to be analyzed first, and the conditions of manufacture studied."

The three main forms of combination possible under the Webb law are explained in considerable detail, with examples drawn from various combination agreements already in effect. These agreements have varied as greatly as the industries they represent, especially with reference to the retention of trade-marks, methods of creating working capital, voting power, allocation of orders, and the problem of meeting existing foreign preferences for the lines of particular manufacturers without detriment to other members of the combination. The booklet closes with a brief description of some of the more renowned foreign selling combines, giving charts which show the extent of their indirect control and connections throughout the world. The booklet is presented, says the Guaranty Trust Company, "with the idea that specific data and detailed information, together with a discussion of plans of organization, based on actual developments, may be helpful to those who are seeking a solution of some of the more difficult problems of collective selling."

———o———

The American Exchange National Bank of New York, has issued an interesting booklet entitled "Argentina," which presents briefly the industrial and financial condition of that country.

———o———

It is now quite clear, says Alfred L. Aiken, president the National Shawmut Bank of Boston, that our American banking institutions alone will be unable to finance the country's foreign business and at the same time care for the increasing demands of domestic financing. The financing of Europe alone is a task which calls for the most complete co-operation between banks, manufacturers and the general public, the latter

in its capacity to absorb foreign securities. Encouragement may be drawn from the fact that plans are now under way for extending credit to Europe in which the government, bankers, and manufacturers will each have a part. The amendment to the War Finance Corporation Act, authorizing loans up to a billion dollars to promote foreign commerce through the extension of credits, will need additional legislation to make it really effective. The final enactment of the Edge bill has added to our equipment for financing foreign business through the use of long time credits. It is the opinion of many bankers that the extension of credits to Europe will be far more beneficial than loans. A wider distribution will thus be possible both as regards the burden here and the benefit abroad. This policy should result in greater production of goods in European countries which, in the absence of gold, they must depend upon to settle their trade balances.

———o———

The Mercantile Bank of the Americas has announced the opening at Puerto Cabello, of the fourth branch of its Venezuelan affiliate, the Banco Mercantile Americano de Caracas. According to recent figures 52 per cent. of Puerto Cabello's exports go to the United States and 67 per cent. of its import trade comes from the United States. The export trade is largely dependent upon the size of the coffee and cacao crops which are the principal exports.

———o———

The directors of The Clydesdale Bank Limited, the head office of which is in Glasgow, have announced net profits for the year ending December 31, amounting to £330,835 17s 9d. To this must be added the balance brought forward from the year 1918 amounting to £43,745 13s 3d, making a total of £374,586 11s. This amount was appropriated as follows:

For payment of the dividend of 18 per cent. per annum, less income tax	£180,000
In reduction of bank buildings	10,000
To superannuation and allowances fund	10,000
In provision for depreciation of investments	100,000
To reserved surplus fund	30,000
To be carried forward to 1920	44,486

———o———

The directors of the London Merchant Bank, Limited, have announced net profits for the year ending December 31, 1919, amounting to £61,732 16s 6d, to which must be added £35,811 7s 6d brought forward from last year, making a total of £97,544 4s 0d.

The interim dividend of 5s per share, less income tax paid in July, absorbed £18,750, leaving £78,794 4s 0d for appropriation. The directors recommended that £26,250 be applied to the payment of a final dividend of 7s per share, less income tax, making with the interim dividend 12s per share or 6 per cent. for the year, and to carry forward the balance of £52,544 4s 0d.

———o———

The directors of Barclays Bank, Limited, have reported net profits for the year ending December 31, 1919, amounting to the sum of £2,122,191 11s 7d, to which must be added the sum of £278,247 15s 7d, brought forward from last year, making a total of £2,400,619 7s 2d, which was appropriated as follows:

Reduction of premises account and payment for buildings	£150,000		
To reserve for staff pensions	100,000		
To contingency account	650,000		
To interim dividend, paid August 1, 1919, at the rate of 10 per cent. per annum on the "A" shares of £4 each fully paid, and 20 per cent. per annum on the "B" shares of £2 each, £1 paid, less income tax	494,806	12s	5d
To final dividend at the rate of 10 per cent. per annum on the "A" shares of £4 each fully paid, and 20 per cent. per annum on the "B" shares of £2 each, £1 paid, less income tax	497,362	9s	2d
To be carried forward	£508,450	5s	7d

———o———

The half-yearly general meeting of the proprietors of the Bank of New South Wales, was held November 28, 1919, in Sydney. At this time the directors announced net profits for the half-year ending September 30, amounting to £302,425 8s 4d, to which must be added £137,313 5s 7d, making a total of £439,738 13s 11d.

An interim dividend at the rate of 10 per cent. per annum for the quarter ended June 30 last was paid on August 26, out of the half-year's profits amounting to £99,038 10s 0d.

At the meeting the directors recommended a payment of a quarter's dividend to September 30, 1919, at the rate of 10 per

cent. per annum, out of the half-year's profits amounting to £100,000.

£829 19s 6d was appropriated to interest at 5 per cent. per annum to June 30, 1919, on capital paid in advance on other than the fixed dates in respect of the new shares on the London Share Register.

£100,000 was appropriated to the augmentation of the Reserve Fund and £140,370 4s 5d was carried forward to the next year.

———o———

The Hibernian Bank, Limited, the head office of which is located in Dublin, has announced profits for the half-year ending December 31, 1919, after providing for rebate on bills, interest on deposits, and bad and doubtful debts and contingencies, of £35,164 15s. To this must be added a balance of undivided profits from last account of £12,131 0s 3d, making a total of £47,295 15s 3d which was appropriated as follows:

Reserve fund	£10,000	0	0
Payment of a dividend for the half-year at the rate of 8 per cent. per annum	20,000	0	0
To next account.....	17,295	15	3

———o———

R. E. Saunders, New York agent of the National Bank of South Africa, Ltd., has announced that a branch of the bank has been opened at Wynberg, in the Cape Province. More than 400 branches of this bank, whose main office is at Pretoria, Transvaal, are now located throughout South Africa.

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Since 1912 the total assets of the Commonwealth Bank of Australia, have increased from £616,071 to £65,321,646. The number of branches and agencies has increased from 694 to 2,818. The total staff has increased from 49 to 1,415.

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The Bank of Taiwan, Ltd., has announced that Masumi Esaki, New York agent, has been elected one of the candidates for directorship at the shareholders' meeting held in Tokio on March 1, 1920, and later appointed a director by the Government.

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Den Danske Landmansbank of Copenhagen have cabled Brown Brothers & Company, their correspondents in New York, as follows: "Our board of directors has declared twelve per cent. dividend for 1919. Year has been best during bank's existence showing over 38,000,000 kroner profit from which 10,000,000 has been transferred to reserves and 14,000,000 carried forward as undivided profit. Paid up capital remains unchanged 100,000,000 kroner, reserves now aggregating 45,000,000 kroner."

The French Loan

SELDOM do investors have the opportunity which is offered by the French loan recently offered in the American market. The loan is styled "Republic of France five per cent. Reconstruction Loan of 1920." Not only does the purchaser receive an income of five per cent. on the amount of francs purchased, but in addition a possible profit of fifty per cent. through the semi-annual drawings at 150 per cent. of par.

The future dollar value of these securities is dependent upon the value of the French franc in the international exchange market. At present a thousand franc bond may be had at about $70.42—the bonds being offered at the current daily rate of exchange on Paris—and should the franc return to its normal value, the holder of each one thousand franc bond would receive about $289.50. The bonds are issued in denominations of fr. 1,000, 2,000, 10,000 and 20,000.

Generally, in the past, the opportunities for profits of this exceptional character have not attached to the bonds of governments, and no doubt this possibility of unusual gains will attract many investors who are not averse to having some speculative contingencies accompanying their investments.

As to the security of the French loan, one is naturally disposed to feel that while European civilization persists, France will remain one of its strong component parts. This deduction would seem amply warranted by the immense sacrifices which the people of the country have just made.

The desirability of investing American capital in France for the purpose of maintaining our commerce with that country, and the appropriateness of such investments on grounds of friendly service are too obvious to require argument.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Ansley, D., Central Trust Co., San Antonio, Tex.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Baker, I. W., Mgr., Advertising Dept., Guardian Savgs. and Tr. Co., Cleveland, Ohio.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Banco Mercantil Americano Del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
Baugher, E. M., president, The Home Building Association Co., Newark, Ohio.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Bernheim, E., Ph.D., Foreign Dept., The National Shawmut Bank of Boston, Mass.
Billings, K., asst. advertising mgr., Scandinavian American Bank, Tacoma, Wash.
Bize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Branham, D. R., director publicity, Heilman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, G. W. C., assistant secretary, Tidewater Bank & Trust Co., Norfolk, Va.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.
Buzbee, Minnie A., manager Advertising Department, American Bank of Commerce & Trust Co., Little Rock, Ark.

C

Conhaim, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
Cotton Belt Savings & Trust Co., Pine Bluff, Ark.
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Davis, Clark B., asst. secy., Franklin Tr. Co., 166 Montague St., Brooklyn, N. Y.
Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Delson, Louis E., publicity manager, Central Trust Co. of Illinois, Chicago, Ill.
Dysart, W. R., cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Ekirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Garner, Percy, publicity manager, Wachovia Bank & Trust Co,. Winston-Salem, N. C.
Gehle, Frederick W., manager advertising department, Mechanics & Metals National Bank, New York.
Gehle, William A., Liberty National Bank, New York.
Gehrken, George A., manager, New Business Dept., Seaboard National Bank, New York.
Germo, Eleanor, manager publicity department, Los Angeles Trust & Savings Bank, Los Angeles, Cal.
Grimm, H. B., director, Dept. of New Business, St. Joseph Valley Bank, Elkhart, Ind.
Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hamsher, C. F., president First National Bank, Los Gatos, Cal.
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Higley, J. N., advertising department, First National Bank, Youngstown, Ohio.
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
Hodgins, J. H., Statistical Dept., Union Bk. of Canada, Toronto, Canada.
Hoffman, A. C., manager, department of publicity, Security Trust & Savings Bank, Los Angeles, Cal.
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.
Holderness, M. E., vice-president and adv. mgr., First National Bank in St. Louis, Mo.
Hudson, Paul L., assistant cashier, First National Bank, Corona, Cal.
Hunter, Harold G., Sec'y and Treas, Kansas City Terminal Trust Co., Kansas City, Mo.
Hutchins, E. M., Seaboard National Bank, New York.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, Chicago, Ill.
Johnson, E. W., Warren National Bank, Warren, Pa.
Jones, Marshall H., asst. cashier First and Citizens National Bank, Elizabeth City, N. C.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Keeton, Monroe, manager Savings Department, Merchants & Farmers Bank, Meridian, Miss.
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.
Kommers, W. J., vice-president, Union Trust Co., Spokane, Wash.

L

Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Logan, John, cashier, Columbus State Bank, Columbus, Mont.
Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville. Fla.
Lyons, Chas. S., Puget Sound Bank and Trust Co., Tacoma, Wash.

M

McCorkle, Josephine C., publicity manager, The City National Bank, Evansville, Ind.
McDowell, J. H., American Trust and Banking Co., Chattanooga, Tenn.
Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, Ohio.
Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
Matthews, H. B., advertising manager, S. W. Strauss & Co., 150 Broadway, New York City.
Mead, Harold O., asst. cashier, The Bkg. Corporation of Montana, Helena, Mont.
Merrill, Frank, advertising manager, Northwestern National Bank, Minneapolis, Minn.
Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York.
Moniteur des Interets Materiels, 27 Pl. de Louvain, Brussels, Belgium.
Muller, John, 49 Sonneggstrasse, Zurich, Switzerland.
Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

N

Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

O

Overton, J. A., cashier, National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.
Pollock, Willits, manager commercial service department, First Wisconsin National Bank, Milwaukee, Wis.
Poole, John, president, Federal National Bank, Washington, D. C.
Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.
Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.
Pratt, Thomas B., Henry L. Doherty & Co., 60 Wall Street, New York City.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
Reid, Carol S., publicity manager, People's Bank, Ltd., Hilo, T. H.
Rittenhouse, C. M., Farmers Loan and Trust Co., New York.
Rouff, Melvin, assistant cashier, Houston National Exchange Bank, Houston, Tex.
Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
Ryland, Cally, manager, new business department, American National Bank, Richmond, Va.

S

Sacramento Bank, Sacramento, Cal.
Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
Sclater, A. G., Union Bank of Canada, 49 Wall St., New York.
Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
Shepherd, George W., c/o International Trust Co., Boston, Mass.
Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
Staker, F. M., manager, publicity dept., Commerce Trust Co., Kansas City, Mo.
Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
Stewart, F. E., 1505 Jefferson St., Toledo, Ohio.
Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
Stover, J. C., secretary-treasurer Indiana Savings and Loan Association, South Bend, Ind.
Sutton, Frederick T., publicity mgr., Mercantile Bank of the Americas, New York.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.
Tidewater Bank and Trust Company, Norfolk, Va.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president, Sioux Falls National Bank, Sioux Falls, S. D.
Wadden, Thomas A., vice-president, Lake County Bank, Madison, S. D.
Wells, Geo. T., assistant cashier, Denver National Bank, Denver, Colo.
Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.
Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.
Williams, John L., vice-president, Woodside National Bank, Greenville, S. C.
Winship, Addison L., vice-president and manager, New Business Department, National Shawmut Bank, Boston, Mass.
Withers, C. K., trust officer and publicity manager, Mechanics National Bank, Trenton, N. J.

Z

Zambrano, Adolfo, Jr., cashier, c/o A. Zambrano e hijos, bankers, Apartado No. 6, Monterrey, N. L., Mexico.
Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Le Beuf, Mae (Miss), publicity department, Hibernia Bank and Trust Co., New Orleans, La.
Miner, J. H., manager, Dep't of Public Relations, Seattle National Bank, Seattle, Wash.
Morgan, L. J., advertising manager, First National Bank, St. Joseph, Mo.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in BANKING PUBLICITY



Head Office of the Banco Internacional de Cuba in Havana

Banco Internacional de Cuba

NOW when Cuba is enjoying an era of tremendous prosperity it is interesting to note the rapid development and growth of the Banco Internacional de Cuba, which was opened for business less than three years ago on November 11, 1917. The bank's head office is located at Mercaderes and Teniente Rey, Havana.

This bank was organized with a capital of $10,000,000, of which $1,000,000 was subscribed immediately and paid in. As the business of the bank increased the paid up capital was gradually enlarged until that figure stands today at $5,000,000.

Owing to the fact that Cuba has no small town banks, the branch banking system was seen to be necessary, and in accordance with this policy the Banco Internacional de Cuba has opened branches throughout the Island with great success. The total number of branches is now 82.

The bank has devoted itself mostly to commercial transactions and also has considerably developed its foreign business. In all of its operations the bank has adopted strictly modern methods. In addition to its banking department it maintains a savings department, a foreign department, and a commercial department. This latter department has been recently organized with the pur-



General View of Banking Lobby Banco Internacional de Cuba



Another View of the Lobby Banco Internacional de Cuba



Officers' Quarters Banco Internacional de Cuba



Partiai View of the Interior of the Bank Banco Internacional de Cuba

pose of acting as intermediary between Cuban and foreign merchants for the promotion of commercial transactions between Cuba and the outside world. This department will undertake to furnish on request the names of Cuban merchants to any export house dealing in their particular line of trade.

One of the most interesting features of the bank is the club house which it maintains for its employees. About six months ago the bank rented a beautiful and spacious residence which it has fitted out for their special use. Facilities are provided for recreation and amusement both indoors and out. Outdoors there are tennis courts, baseball and football grounds, and indoors there is a billiard room, a dancing floor and a Victrola, a rest room for the ladies, and in fact every comfort and convenience for both sexes. The employees pay a small fee each month in order to contribute toward the upkeep of the club.

J. P. Malvido, manager of the foreign department, says in regard to the organization of the club:

"We believe that we have established a precedent here in Cuba in opening and maintaining a place of this kind, but we feel that our employees will appreciate fully a club where they can go after banking hours and enjoy all the privileges of a first-class club, and we in return will receive as good service as can be expected from healthy and well contented employees.

Following is the statement of condition of the bank as of December 31, 1919:

RESOURCES

Cash on hand	$6,446,085.33
Remittances in transit	1,507,474.30
	$7,953,559.63
Due from banks and bankers (current accounts)	730,925.53
Loans and discounts	14,572,768.23
Bonds and securities	1,181,054.50
Real estate, furniture and fixtures	845,806.31
Securities in trust	1,627,749.22
Customers' liability under letters of credit and acceptances	1,616,032.66
	$28,527,896.08

LIABILITIES	
Capital paid in	$5,000,000.00
Surplus	98,513.01
Undivided profits	377,211.26
	$5,475,724.27
Due to banks and bankers (current accounts)	839,073.66
Deposits	18,941,392.19
Other liabilities	3,556.05
Employees pension fund	13,310.02
Employees participation (on profits as per statement June 30th, 1919)	11,058.01
Securities in trust	1,627,749.22
Letters of credit and acceptances	1,616,032.66
	$28,527,896.08

The official staff consists of the following:

President, Pedro Sanchez Gomez, President of "Cuba Fabril" S. A.; Vice-President, Bernardo Perez, President of the Cia. Internacional de Seguros and of the firm "Sucesores G. Fernández, S. en C.; Managing Director, Fernando Vega; Secretary, Senator Dr. Jose Maria Collantes.

Directors: Juan Viadero, Vice-President of Compañía Manufacturera Nacional S. A. and property holder; Severino Lavin, of the firm "Lavin & Gómez"; Amadeo Alvarez, property holder; Fco. Fernandez Valdes, of the firm "Fernández Valdés & Co."; Pablo Martinez, of the firm of "Sobrinos de Quesada"; Ramon Planiol, of the firm of "R. Planiol"; Senator Alfredo Porta, proprietor of the "Mina Matahambre"; Senator Wifredo Fernandez, director of "El Comercio"; Francisco Pola, of the firm of "J. G. Rodríguez"; Angel Arango, of the firm of "Huerta & Co."; Angel G. Del Valle, president of "Fincas de Recreo S. A." and property holder.



This elaborate Clubhouse is maintained for the Employees of the Banco Internacional de Cuba

Banking and Financial Industry

SPECIAL The BANKERS MAGAZINE SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL - - - - $5,000,000.00
SURPLUS - - - - 5,000,000.00
UNDIVIDED PROFITS 2,080,000.00

OFFICERS

HARVEY D. GIBSON	President
DANIEL G. REID	Vice President
ALEXANDER V. OSTROM	Vice President
CHARLES W. RIECKS	Vice President
ERNEST STAUFFEN, Jr.	Vice President
JOSEPH A. BOWER	Vice President
BENJAMIN E. SMYTHE	Vice President
JAMES G. BLAINE, Jr.	Vice President
JOSEPH S. MAXWELL	Vice President
GEORGE MURNANE	Vice President
SIDNEY W. NOYES	Vice President
MAURICE F. BAYARD	Vice President
FREDERICK W. WALZ	Cashier
FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
RAYMOND G. FORBES	Assistant Cashier
DANFORTH CARDOZO	Assistant Cashier
EDWARD J. WHALEN	Assistant Cashier

When You Build That New Home for Your Bank

You will require the services of a competent bank architect and equipment engineer who can provide you with a distinctively modern building, with first class equipment throughout and absolute security in vault work. Convincing evidence that we furnish complete service of this character is shown by the fact that we have been selected by the following banks among many others:

Hibernia Bank & Trust Company, New Orleans, La.
Seaboard National Bank, New York
National Bank of Commerce, New York
Asia Banking Corporation, New York
Mercantile Trust Company, New York
American Exchange National Bank, Dallas, Texas
Charlotte National Bank, Charlotte, N. C.
First National Bank, Jersey City, N. J.
Greenwich Trust Company, Greenwich, Conn.
Colonial Trust Company, Philadelphia, Pa.
Titusville Trust Company, Titusville, Pa.
First National Bank, Richmond, Va.
Virginia Trust Company, Richmond, Va.
Planters National Bank, Richmond, Va.
Lynchburg National Bank, Lynchburg, Va.

We shall be pleased to make suggestions regarding the most efficient and economical methods of meeting your requirements without obligation on your part.

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York



Public Corridor N. A. MacDonald and Company, Incorporated, Buffalo, N. Y.

A New Buffalo Investment Banking House

THE recent organization of the investment banking house of N. A. MacDonald and Company, Incorporated, has proved a distinct addition to Buffalo's financial institutions.

This company, of which Beverly L. Worden is chairman—and Norman A. MacDonald, formerly vice-president of Citizens Commercial Trust Company, is president, represents a consolidation of The Investors Company of Western New York, the investment banking house of Tucker, Morris & Lockwood, Inc., and the well-known commercial paper house of Blake Bros. & Pimm, of Hartford, Conn.

The new company has taken two complete floors in the Deuel-Lapey Building and fitted them up in a manner that will provide most complete facilities for the transaction of every phase of investment banking. The main floor is taken up by the executive and sales offices while the floor above is occupied by the stenographic and clerical departments. A number of consultation rooms have been equipped for the use of the company's clients, with the idea of furnishing ample space for private conferences. The use of mahogany woodwork and furniture throughout, lends an air of rare distinction and dignity.

The company has opened offices in Rochester, N. Y., and Ottawa, and will make a specialty of handling Canadian business, while the Hartford office, formerly operated by Blake Bros. & Pimm, will be continued as well as the former Lockport branch of Tucker, Morris & Lockwood, Inc. Within a short time, additional offices will be opened in New York City.

The board of directors of the company is composed of a number of gentlemen well known throughout west-



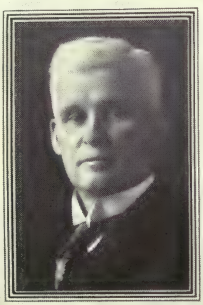
B. L. WORDEN
CHAIRMAN



N. A. MacDONALD
PRESIDENT



E. S. MILLER
VICE-PRESIDENT



ANGUS McLEAN
VICE-PRESIDENT



S. J. TUCKER
VICE-PRESIDENT



A. B. PIMM
VICE-PRESIDENT



R. W. MORRIS
VICE-PRESIDENT



L. D. LOCKWOOD
VICE-PRESIDENT



R. W. H. CAMPBELL
TREASURER

Officers N. A. MacDonald and Company, Incorporated



President's Office N. A. MacDonald and Company, Inc., Buffalo, N. Y.

ern New York, as well as several prominent Canadians. The company is singularly fortunate in its directorate, in that so many different lines of endeavor are represented on the board, assuring able counsel in the selection of investments and also in matters involving reorganizations and new financing. Mr. MacDonald, who is known throughout the East for his achievements in financial affairs, has gathered around him among his lieutenants, a number of those who were formerly associated with him on the official staff of Citizens Commercial Trust Company, including Sydnor J. Tucker, Robert W. Morris and Ira D. Lockwood, who appear as vice-presidents of the new organization and Robert W. H. Campbell, who holds the position of treasurer. Alfred B. Pimm, who has been selected as vice-president in charge of the commercial paper department, has had nearly thirty years' experience in this particular line of banking and is considered one of the best commercial paper men in the country.

In addition to handling conservative investment securities and commercial paper, the company will have a department under the supervision of one of its executives which will be devoted to new financing and reorganizations.

With its ample resources, strong directorate and experienced official staff, the house of N. A. MacDonald and Company, Incorporated, has already taken its position among the leaders in the investment banking field of Western New York.

The following is the complete official roster of the new company:

Beverly L. Worden, chairman; Norman A. MacDonald, president; Edwin S. Miller, Angus McLean, Sydnor J. Tucker, Alfred B. Pimm, Robert W. Morris, Ira D. Lockwood, vice-presidents, and R. W. H. Campbell, treasurer; A. G. O. Cooke and I. D. Brott, assistant treasurers; Richard L. Ball, secretary; F. G. Driscoll and F. D. Jones, assistant secretaries.

The directors are as follows:

Beverly L. Worden, Pres. Lacka-



Stenographic and Clerical Department N. A. MacDonald and Company, Inc., Buffalo, N. Y.



Portion of Executive Offices N. A. MacDonald and Company, Inc., Buffalo, N. Y.



Executive Offices N. A. MacDonald and Company, Incorporated, Buffalo, N: Y.

wanna Bridge Co., Pres. Worden-Allen Co., Milwaukee; Gen. Mgr. Submarine Boat Corporation, Newark.

Alfred B. Pimm, formerly Pres. Blake Bros. & Pimm, Inc.,—Commercial Paper, Hartford, Conn.

W. H. Dwyer, Pres. W. H. Dwyer Co., Ltd., Ottawa; Pres. Slinn Shouldis Bakeries Co., Ltd., Ottawa; Pres. Continental Bag Co., Ltd., Ottawa.

Ira D. Lockwood, formerly Treas. Tucker, Morris & Lockwood, Inc., Investment Bankers.

Dr. Edward J. Meyer, Capitalist.

Richard Thomson, Pres. Hawthorn Mills, Carleton Place, Ont.; Director MacFarlane Engineering Works, Paris, Ont.

Richard L. Ball, Attorney-at-Law; General Counsel for Company.

Angus McLean, Vice-Pres. Hugh McLean Lumber Co., Buffalo; Vice-Pres. Wood Mosaic Co., Inc., Louisville; Director Canada Cement Co., Ltd., Montreal; Gen. Mgr. Bathurst Lumber Co., Ltd., Bathurst, N. B.

Sydnor J. Tucker, formerly Pres. Tucker, Morris & Lockwood, Inc., Investment Bankers.

Louis R. Davidson, Treas. Davidson Ore Mining Co., Director Citizens Commercial Trust Co., Director Union Drawn Steel Co., Beaver Falls.

Robert W. Morris, formerly Vice-Pres. Tucker, Morris & Lockwood, Inc., Investment Bankers.

Edwin S. Miller, Pres. Keystone Mfg. Co., Director Acme Steel & Malleable Iron Works, Director Citizens Commercial Trust Company.

Norman A. MacDonald, President.

Gordon C. Edwards, Director and Mgr. W. C. Edwards & Co., Ltd., Ottawa; Director Ottawa & Hull Power and Mfg. Co., Ltd.



St. Gall Office Swiss Bank Corporation

Swiss Bank Corporation

THIS bank was incorporated in Basle in 1872, after the Franco-German War, the initial share capital being six millions francs. In the first years of its existence, the Basle Bankverein devoted its chief attention to the issue of new securities; it was in fact the bank of the other Basle banks and private bankers. But gradually it became an important factor in the developing of trade and industry, home and foreign. The Basle Bankverein, as it was called at its origin, took also a leading part in the financing of the Swiss railway system. In 1895, the Zürcher Bankverein was absorbed and an office was created in Zurich, the centre of the Swiss machine and silk industries. In 1896, the corporation obtained a foothold in St. Gall, the Swiss centre of the embroidery and lace industry, by the acquisition of the Swiss Union Bank.

Through these different absorptions, the bank was gradually transformed from a purely local bank into an influential institution covering the northern part of Switzerland. Further amalgamations followed, of which the principal were: in 1901, the absorption of Messrs. Blake, Boissevain and Co., London, private bankers, through which the bank gained a strong footing in London, where the bank had established an office in 1898, and some years later (1906) the absorption of Messrs. d'Espine, Fatio & Co., another private bank, of Geneva, through which the bank entered the western part of Switzerland.

Its radius of activity rapidly increased during the last decade. In 1906, the Swiss Bankverein (this firm was changed into Swiss Bank Corporation in the spring 1917) absorbed the highly reputed bank of Basle, and one of the oldest issue banks of Switzerland, which was founded in 1845, and in 1912 a further important step was marked by the amalgamation with the well-known private bankers Messrs. de Speyr & Co., the constitution of which goes back as far as 1825. In 1908, the Bank for Appenzell Rh.-Ext. in Heri-



Board Room Head Office Swiss Bank Corporation

sau was taken over; in 1912 the Banque d'Escompte et de Dépôts, of Lausanne and in 1917 the Banque de Nyon, were absorbed, which increased largely the influence of the bank in the French-speaking part of Switzerland.

In 1918, the corporation took over the old established banking-house of Messrs. Reutter & Co., of La Chaux-de-Fonds and at the beginning of 1919 the Bank du Locle, thus getting first class connections in the centres of the watch-making industry.

The steady growth of the bank is best shown by the following table, comparison of capital, reserves, deposits, assets and profits on the dates named:

in thousand francs

Year ending Dec. 31	Capital	Reserves	Deposits	Total Assets	Net Profits
1872	6,000	82	4,431	35,305	242
1897	35,000	9,341	70,877	157,162	3,201
1905	50,000	13,002	172,389	303,275	3,971
1918	82,000	31,000	824,520	1,047,706	11,671

There is an active market in the corporation's shares on the four leading Swiss Bourses: Basle, Zurich, Geneva and Lausanne.

According to the Articles of Association (Art. 2), the principal object of the Swiss Bank Corporation is thus defined: "The object of the Company embraces the conduct of all kinds of banking and commercial business, as well as of transportation, building and industrial enterprises."



Basle Office Swiss Bank Corporation

The ordinary general meeting of the corporation generally takes place in March or April.

The yearly profits available are appropriated as follows (Art. 36 of the Statutes): 1. No less than five per cent. to be transferred to the Reserve Fund until it has reached ten per cent. of the share-capital. 2. Five per cent. as dividend to shareholders (first part in profits). 3. The balance is divided as to ten per cent. to the Board and ninety per cent. to be decided upon by the General Meeting (additional dividend, reserves, etc.).

The aggregate reserves now represent 31 per cent. of the total capital paid-up, now fr. 100,000,000 divided into 200,000 shares bearing a nominal value of fr. 500.



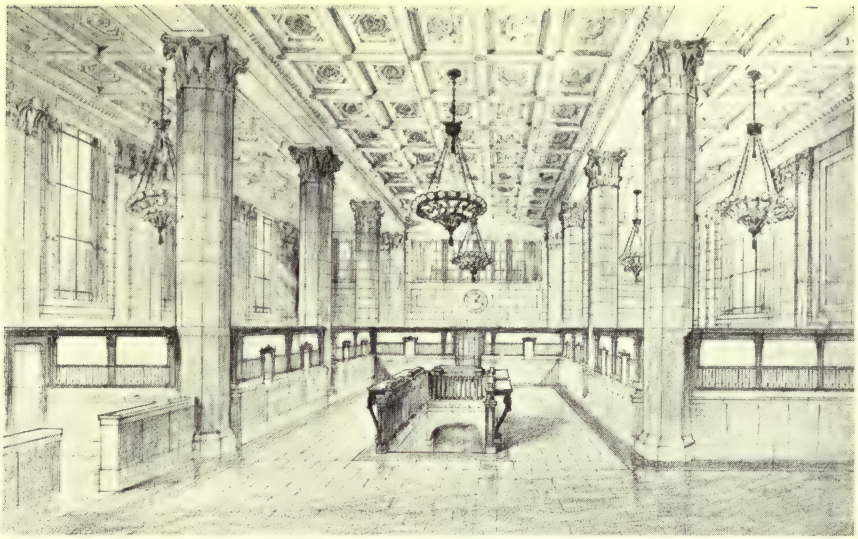
"Greater France".

WITH reconstruction in France in full swing and with business and financial conditions growing more encouraging daily, the entire country is experiencing an economic and physical recovery from the drain of war more rapid than is generally realized, according to recent statistics and information presented in the booklet "Greater France," just issued by the Guaranty Trust Company of New York. Following a detailed resume of the progress that has already been made toward the reconstruction of industry and commerce of France as a whole, the booklet treats separately the phenomenal growth in importance of the three leading cities of Southern France—Bordeaux, Lyons and Marseilles.

In part, the publication says: "France, instead of idling, as some observers have reported after a cursory survey of the country, has accomplished in the last year so stupendous a task that one marvels how the work has been done. Seventy-six thousand structures had been erected or repaired by the end of August, 1919, and 60,000 additional buildings were then under construction. About 550,000 buildings were destroyed or damaged during the war. In the same period, 89 per cent. of the destroyed railroad trackage had been rebuilt, an area of 1,500 square miles of shell-riddled, tillable land cleared up, 80,000,000 cubic yards of trenches filled, 991,000 refugees returned to their homes, 5,000 schools reopened, and 3,872 civic communities reorganized.

"The French people have made surprising progress in the period since the armistice in readjusting industry to a peace basis. As early as February, 1919, the Minister of Industrial Reconstruction reported that out of a total of 1,700,000 employes occupied on November 11, 1918, in a group of government and private plants, 1,300,000 were already engaged in peace-time pursuits. A later investigation conducted in 1,986 industrial plants in the occupied area employing more than 20 workmen each, shows that by November 1, 1919, a total of 1,385 establishments had resumed operation. By November 15, 1919, the government had made advances in excess of 3,000,000,000 francs to the industrial interests of this region for the reconstruction of their factories, and the budget for 1920 provides for the expenditure of nearly 5,000,000,000 francs during the first quarter for the same purpose.

"During 1920 France will need about $650,000,000 worth of foodstuffs and raw materials, as follows: Foodstuffs, $150,000,000; cotton, $200,000,000; copper, $70,000,000; oil, $75,000,000; chemicals, tobacco, metallurgic products, fuel, oil and coal, $150,000,000. A great proportion of these needs will be filled by French colonies, while the manufacturing capacity of France will require new outlets, so that these colonial professions will undoubtedly play a most important part in the development of French industry."



Main Banking Room, Ouachita National Bank, Monroe, La. Marked by its impressive distinction in artistic features as well as in its practical arrangements. The building is now in course of construction by the Underwood Contracting Corporation, New Orleans

Buildings That Build Business

By Neil McNeff

THERE is not a banker in the country who is not "all ears" when any one can suggest a legitimate way for increasing business and getting new accounts. Within the last few years banks have awakened to the value of constructive advertising—advertising that "sells" the services and accommodations of the banks in the same fashion that it sells high-priced motor cars or low-priced soap. It is all evidence of awakening on the part of bankers to the hidden opportunities they have; in realizing that they have something to advertise beyond a statement of their resources and a list of the personnel.

"Boiled down to one word, however," declares H. T. Underwood, president of the Underwood Contracting Corporation of New Orleans, "the one superfactor that banks must create is CONFIDENCE. A bank may be stronger than it looks, but it would be hard to convince the 10,000 John Joneses who deposit a few dollars a week (and who, in sufficient numbers, are the best kind of customers), that a bank which does not look strong—is strong."

As evidence that many bankers agree with this theory Mr. Underwood came to New York recently, with contracts to build and equip new structures for southern banks calling for an expenditure of more than a million dollars.

The Ouachita National Bank of Monroe, La., had just awarded Mr. Underwood's organization the contract for a ten-story bank and office building, which will embody both in the bank equipment and in the office portion the "last word" in scientific bank and structural planning.

Not to be outdone in the way of providing up-to-the-minute quarters for its customers, the First National Bank of Crowley, La., contracted with Mr. Underwood for a new seven-story bank and office building. Among the other work entrusted to Mr. Underwood, is an extensive equipment contract for the National Bank of Commerce of Fort Worth, Tex., and alterations and improvements to the Corsicana National Bank of Corsicana, Tex.

Mr. Underwood is among this country's leading specialists in the bank



This new building for the First National Bank, Crowley, La., is now being erected by the Underwood Contracting Corporation. It will be Crowley's first skyscraper

building field and for many years he has been an interested observer of the changes that have taken place in the field of bank planning and equipment. He recalls the time, not so far in the past, when a banker in the comparatively small towns felt that a room almost entirely surrounded by counter-screens meant good banking quarters. The convenience of the patrons had little or nothing to do with the matter. The arrangement and equipment of the cages, the providing of mechanical devices, scientific filing cabinets, modern vault and truck equipment,—all of these things were all right for the big banks in the large cities, but something in the nature of extravagance for the smaller banks.

"It is only in the last dozen years that banks, particularly those in small towns, have been planned and built with any degree of efficiency," declares Mr. Underwood. "Yet, no kind of building work calls for greater skill. It did seem to be a fairly simple matter: A certain number of cages for the tellers, space for the officers, a room some place for the bookkeepers and the other employes; perhaps a safe deposit room. A bank used to be a hard place to get into; there was no note of welcome; nothing of cheerfulness, nothing of comfort or convenience, and little or no attempt at scientific arrangement.

"Nowadays, it is recognized that a bank's primary function is to render a service, particularly a service to its customers. To render that service in the best possible manner, it is necessary that the banking room be laid out scientifically. The problems of the bank building, while seemingly simple, are indeed intricate, and the proper arrangement of space, logical placing of departments and apportioning of space, call for an order of architectural and constructive intelligence that can only come from specialization in bank building work.

"Then, the philosophy of 'putting on a good front' is applicable to a bank as well as to a man. I might say it is even more so. A man at least can retire from sight part of the time, but even the darkness of night cannot completely hide a bank building. And people are impressed by external appearances. Bank depositors like to be proud of their bank. They can only be proud of a bank that presents to the passer-by an appearance of strength and dignity. A bank building need not necessarily be monumental, but whatever the outlay of money for a building, the exterior should be correct architecturally and offer a pleasing appearance, one that signifies solidity, conservatism.

"Go into any town! Look at the bank buildings! You won't have to ask for a statement of resources to determine which bank has the most depositors, the largest surplus and the leading position. Unless the bank is poorly located, has an unpopular personnel, or there be some other extraneous reason,

the bank that has the best building, the most efficient quarters, will be the leader.

"This statement is not a mere conjecture. It is proved by actual figures that new buildings with up-to-date quarters will act almost at once to increase a bank's deposits and popularize the bank in the mind of the public.

"No evidence is better than direct testimony so let us consider the reports from a few bankers who were requested to state whether the new buildings they had built within the year had any effects on deposits, and if so to what extent: The answers follow:

No. 1. New building cost one-half million dollars. Deposits increased $3,000,000; had been $6,500,000, now were $9,500,000.



Ouachita National Bank, Monroe, La., a bank building in one of our smaller cities that in the beauty of its architecture equals the best structure in any community. It is now being built by the Underwood Contracting Corporation.



H. T. UNDERWOOD
President Underwood Contracting Corporation, New Orleans

No. 2. $6,000,000 increase in deposits; 100 per cent. growth from $6,000,000 to $12,000,000.

No. 3. Deposits increased $1,500,000.

No. 4. Forty per cent. increase.

"All of the banks gave a large measure of credit to the fact of having new, up-to-date quarters. One banker declared that the value of his new building could not be estimated in dollars and cents and that the new building was the best advertisement the bank could have."

The Underwood Contracting Corporation specializes in bank construction and equipment. It is a southern concern, confining its activities to that section of the country.

It is just one year now since Mr. Underwood organized his company and established headquarters in New Orleans. And in one year he has not only

placed his company on a sound footing but has a volume of work under way and in prospect of which any building concern would be proud.

Heretofore the bankers in this territory felt it advisable when planning to build or remodel a bank building to call upon specialists in the North. This is not intended to mean that the South has not had architects and builders of real ability. It simply means that the planning of a banking room, together with its equipment, calls for the services of experts specializing in this particular class of work.

So despite their desire to have their work done by local concerns, southern bankers and architects have been accustomed to go to New York and Chicago and other northern cities to obtain this service.

The Underwood Contracting Corporation as a corporate entity is new. But its president, H. T. Underwood, is known to practically every banker in the South. His experience in the field of bank planning, equipment and construction, has been most thorough.

First of all, Mr. Underwood is an architect himself, having studied his profession in the offices of some of New York's leading architects. Almost from the beginning of his career he was attracted to the possibilities of scientific bank planning and he entered the employ of one of the foremost bank building organizations in the country. After superintending the construction of several important bank buildings, he was given charge of the estimating and purchasing department. This position gave him a thorough understanding of materials, equipment and devices of all kinds, as well as of basic values.

Mr. Underwood's next step was as southern sales representative of one of the largest bank building organizations in the country. In this way he not only gained the acquaintance of the bankers of the South, but won their friendship by his never failing courtesy and through his constant spirit of helpfulness.

It was on the advice of some of his banker friends that Mr. Underwood decided to form his own building organization in the South. He felt sure that the South was of sufficient and growing importance to support a concern specializing in bank building work. A thorough canvass of the situation convinced him of the soundness of his plan.

So confident was he that the South was due for its greatest period of development and expansion, that while the war was still raging in Europe and building here was at an absolute standstill, Mr. Underwood formed his organization, incorporated it, and established headquarters in the Canal Bank Building in New Orleans. He sent out announcements early in 1919, and the response he received was far beyond his most optimistic expectations.

The Underwood Contracting Corporation in less than a year has proved that the South is ready to respond to a new service that is backed by intelligent experts. Mr. Underwood's organization is composed of building and bank equipment specialists equal to those of the best firms in the country. Its operations extend from the erection of large buildings to alteration work and to furnishing and installing equipment.

For a new but not unknown organization, the volume of work under contract speaks eloquently of the reception accorded Mr. Underwood's enterprise by the bankers of the South.

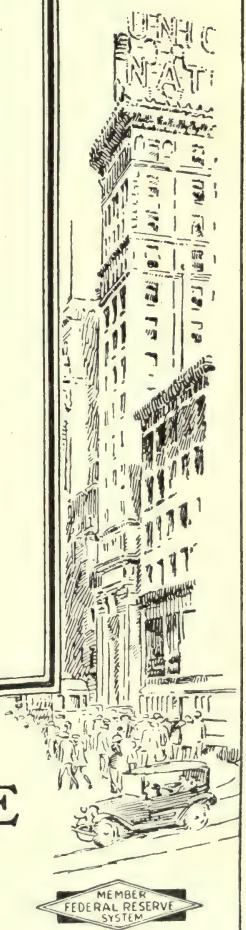
Banking and Financial Notes

SPECIAL **The BANKERS MAGAZINE** SECTION

NO business is more personal than banking.

This Bank undertakes to establish and maintain personal relationships with its customers.

Because of this, its business prospers. A Cleveland account here means a responsible and a responsive Cleveland correspondent.



This bank with its affiliated institution—The Citizens Savings and Trust Company—forms the largest banking unit in Ohio.

UNION COMMERCE
National Bank
OF CLEVELAND



THIS remodeled banking room of the Mechanics Savings Bank, Lowell, Mass., is a good example of what can be done in the improvement of banking quarters where space is limited. Finished with Tavernelle Rose Marble and Statuary Bronze, it makes a most attractive banking room for a small bank.

Thomas M. James, Architect

3 Park St., Boston, Mass.

Review of the Month

Trade Conditions Throughout the Nation as Compiled for the Federal Reserve Bulletin

WHILE Federal Reserve Agents in their reports as to business conditions and the outlook for trade forecast the continuance of an active demand for products, the situation in some districts is such as to raise questions and to lead to predictions of possible reduction in business activity and in prosperity. There is in many sections of the country indication of some alteration in outlook and a disposition on the part of the customer to use more care and judgment in his purchases. No increase in labor unrest is observable, but in some districts a continuation of underproduction or limitation of production is encountered.

In District No. 1 (Boston) the Federal Reserve Agent reports that "it seems clear not only that commodities are finding their way to the counters of the retail merchant with increasing facility, but that the shelves of the latter are, in general, being stocked to capacity and merchants are buying more and more cautiously from month to month, willing to take chances which they would not risk a few months ago, on deliveries; and though they may not yet have actually observed any appreciable falling off in the purchasing activities of the public, they are becoming increasingly conscious that the inevitable time of forced retrenchment is approaching nearer and nearer."

From District No. 3 (Philadelphia) it is reported that there is a brisk demand for manufactures of all kinds but that the danger of further price advances is well recognized. "There cannot be any long continuation of price advances combined with increased purchasing, unless production can at the same time be made larger," says the report. Foreign trade conditions are making themselves felt in a practical way, sundry prices weakening as a result of the decline in sterling. In District No. 4 (Cleveland) the Federal Reserve Agent, while calling attention to the restriction of output as a general evil, and while fearing the continuation of high prices as the result of underproduction, states that there is a beginning on the part of employees to recognize that the volume of production is a vital question. The opinion is expressed that extravagant purchasing will continue for some time, although the reports of dealers indicate an opposite view. No ground for actual pessimism is to be noted. In District No. 5 (Richmond) "the new year has opened prosperously, with no indications of any general business curtailment." There is, however, a distrust of future prices and retailers are showing a conservative tendency. In District No. 6 (Atlanta) observations similar to those reported from the Cleveland District are presented. The need of increased production is recognized and it is stated that "the betterment of prevailing conditions rests largely with the general public, and especially with labor." The outlook for agricultural development is good. In District No. 7 (Chicago) "it is not surprising that the tone of replies to inquiries concerning business conditions in the middle west should reflect more or less apprehension of a period of business depression." This is said said to be particularly noticeable in the advices received from producing centers. In District No. 8 (St. Louis) active business in practically every line is reported, although "during the past few weeks several disturbing factors have tended to lessen its volume from the high level of January." Possible price reductions are foreseen and buyers are limiting their purchases, yet there is "a feeling of optimism" among most business men. The buying power of the public shows "little diminution." In District No. 9 (Minneapolis) unfavorable transportation conditions have tended to limit the activity of business, but the agricultural outlook is good and sales of farm implements are active. Collections are satisfactory. In District No. 10 (Kansas City) "the volume of mercantile trade in the month of January * * * was about forty per cent. greater in amount of money than that of January, 1919, and about the same * * * in quantity of merchandise." Some lines of business have declined in activity, but building operations have enormously increased and there is an effort to pay off war indebtedness. In District No. 11 (Dallas) January business conditions "reflect a moderate net gain * * * as contrasted with the situation a year ago." Agricultural prospects are favorable and the volume of mercantile trade was slightly better than that of January 1919. In District No. 12 (San Francisco) planting con-

ditions are not as good as they should be. There is much activity in business, unemployment is nominal, strikes are at a minimum, and the prospects are good in spite of somewhat unfavorable agricultural conditions.

Throughout practically all the reports runs a recognition of the existence of an overstrained condition of credit and of some continued tendency toward speculative operations, while high living costs and the upward movement of prices have apparently not been checked, notwithstanding the decrease in prices of some classes of goods and a tendency toward restricted trade in specified lines. Interest rates are high and rising in most places, while banks are exercising a greater degree of discrimination and judgment in complying with the demands of their customers. February has witnessed a beginning of active preparation for the coming agricultural season particularly in the South and Southwest and on the Pacific Coast. In District No. 6 (Atlanta) preparation for the new crops has been somewhat retarded by weather conditions and cotton acreage cannot as yet be forecast with accuracy, although it will probably be reduced as compared with last year. Small grain has been somewhat damaged by wet weather along the Atlantic Coast. The fruit and vegetable crop gathered during the past few months has been very satisfactory, although prices for some classes of fruit have been disappointing. In District No. 11 (Dallas) little winter plowing has been done and preparation for the staple crops is three or four weeks behind. The South Texas rice crop which has just been completed is the most profitable ever grown. Truck products are moving to market in large volume and at good prices. In District No. 10 (Kansas City) conditions have been ideal for work out of doors. The ground has been in excellent condition for plowing and the weather was favorable for winter grain crops. The corn acreage will be largely in excess of last year. In District No. 9 (Minneapolis) the season is still too early to forecast conditions. On the Pacific Coast the germination of grains has been slow, although in Oregon and Washington autumn wheat is wintering well. While the information is not yet sufficiently complete or the season sufficiently far advanced to furnish conclusive facts, the prospects are evidently regarded as entirely favorable. Practically throughout the country the problem of agricultural labor, both as to amount and cost, is regarded as one of unprecedented difficulty. The high wages offered in the cities have attracted many farm workers from the land, and as a result decreased production in various sections can scarcely be avoided.

Farm animals in most parts of the country are reported as wintering in exceptionally good condition. In Texas there was an increase of 836,000 head of live stock from 1918 to 1919. The sheep industry in West Texas has the best prospects ever known. In District No. 10 (Kansas City) live stock has been reported in thriving condition with less disease among animals than for some time. There is a problem in the northwest section of the district in restocking the ranges, but prospects are good for a large crop during the current year. On farms there has been a decrease in the number of animals available, amounting to about 7.1 per cent. since January, 1919. Some falling off in sheep has occurred in Colorado and Wyoming, but in the eastern part of the district sheep have increased from two to ten per cent, the increase being especially noticeable in Kansas. Declines are reported in the holdings of hogs. On the Pacific Coast, in spite of hay shortage and high prices for feed, cattle are wintering well and the quantity of live stock on farms in the district is approximately the same as on January 1, 1919. Arrivals at the six markets in District No. 10 (Kansas City) in January were 37,006 cars as compared with 37,694 cars in December and 44,134 cars in January, 1919. There was a decline of 12.7 per cent. in cattle receipts as compared with the December record, and of 14.9 per cent. as compared with the receipts in January of last year, while 12.7 per cent. more hogs arrived in January than in December, but the January total fell thirty per cent. short of the receipts in January, 1919. Fewer sheep came to the markets in January than in December, but the January total was 14.4 per cent. larger than a year ago. In District No. 7 (Chicago) it has been found that receipts of live stock at the principal markets during January show a decrease of nineteen per cent. as compared with the corresponding month of last year. Prices for cattle, beef and mutton declined compared with a year ago, while sheep and young lamb increased in price. There was a falling off of fifteen per cent. in hog receipts and a decrease in the price of live hogs. In Kansas City steers were about $1.50 lower than a year ago, while feeder cattle were $1.50 to $2.50 lower. Lambs and calves maintained fairly high prices. Both in District 10 (Kansas City) and District 7 (Chicago) it is noted that meat

System - Stability - Service

—are three important elements in the conduct of a bank.

The success of a bank depends upon the guidance of the Board of Directors in these three Essentials.

The character and standing, therefore, of the Directorate is a bank's strength.

The Chemical National Bank
of New York

DIRECTORS

FREDERIC W. STEVENS
Capitalist

W. EMLEN ROOSEVELT
Roosevelt & Son

ROBERT WALTON GOELET
Real Estate

CHARLES CHENEY
Cheney Bros., Silk Manufacturers

ARTHUR ISELIN
Wm. Iselin & Co.

FREDERIC A. JUILLIARD
A. D. Juilliard & Co.

RIDLEY WATTS
Watts, Stebbins & Co.

CHARLES A. CORLISS
Lamont, Corliss & Co

HERBERT K. TWITCHELL
Chairman of the Board

PERCY H. JOHNSTON
President

We are seeking new business on our record

packing operations have been materially slowed down on account of the export situation.

Arrivals of wheat have been smaller both in District No. 10 (Kansas City) and District No. 9 (Minneapolis), as well as in District No. 7 (Chicago). This has been partly due to difficulties of transportation. Inability to ship accumulated stocks from the elevators in the northwest has prevented grain from moving. In District No. 10 (Kansas City), although such difficulties have been smaller, the arrivals of wheat at principal markets were about fifteen per cent. less than in December, but about three times as great as in January, 1919. Much grain is now being held on the farms for higher prices. Activity at the principal flour milling centers has declined in District No. 10 (Kansas City) on account of the car shortage, while the same is true in District No. 9 (Minneapolis) and elsewhere. Wheat flour production in January, 1920, was, however, 13,005,000 barrels as against 10,593,000 barrels a year earlier. This continues the upward movement in the output of flour already noted in the February issue of the Bulletin.

The demand for iron and steel continues to be vigorous and many mills are sold far ahead. In District No. 4 (Cleveland) it is reported that pig iron buying during the past four or five weeks has been in "tremendous volume," and it is estimated by trade authorities that total sales during that period exceeded 1,000,000 tons. Consumers have bought ahead up to January 1, 1921. The advance in pig iron prices has ranged from $3 to $6 a ton. The Lake Superior iron ore market for the season 1920 has opened at an advance of $1 a ton. Predictions are now being made of a season's movement of 60,000,000 tons. The unfilled orders of the United States Steel Corporation for January were 9,285,441, corresponding to an index number of 176, while for January, 1919, they were 6,684,268, corresponding to an index number of 127. Pig iron production was 3,015,181 tons for January, as against 3,302,260 tons for January, 1919, the corresponding index numbers being 130 and 143 respectively. In District No. 3 (Philadelphia) demand for iron and steel has been exceptionally heavy and manufacturers were recently operating to capacity. Weather difficulties have lately

retarded their production and fuel shortage has been troublesome. Eastern Pennsylvania No. 2x pig iron a year ago was $36.15 a ton but is now $45.35 a ton. All derived products of steel, including sheets, tin plates, bars, pipe, tubes, etc. have advanced very greatly in price. The demand for chain has been especially heavy, but prices have not advanced as rapidly as elsewhere. Sheet steel for use in automobile manufacturing has been in strong demand and the prices show an increase of $21.00 per ton as compared with a year ago. In District No. 6 (Atlanta) there is great activity in the iron and steel industry and pig iron is selling from $40.00 to $43.00 per ton, with no accumulation of stocks. The production for January, 1920, was slightly larger than for December, 1919.

Coal production is reported by District No. 3 (Philadelphia) to have been 86,200,000 tons of anthracite in 1919, as compared with 98,826,084 tons in 1918. In January shipments for the nine anthracite carrying roads were 5,713,319 tons as compared with 5,638,383 tons in January, 1919. The latter part of January and the first few weeks in February have been characterized by weather which has restricted production and the movement of cars. Shippers of coal have been embarrassed by having their money tied up in coal that has been confiscated. The bituminous output for January, 1920, is reported as 49,419,000 tons, corresponding to an index number of 133, as compared with 41,485,000 tons, or an index number of 112, in January, 1919. The index number of coke for January was 76, shipments being 1,982,000 tons, while for January, 1919, the index number was 92, with shipments 2,401,967 tons. In District No. 4 (Cleveland) it is reported that coal is going forward from the upper lake ports as fast as the railroads can handle it, and stocks will be low all around at the opening of the shipping season.

Petroleum production in the Kansas and Oklahoma fields for January was somewhat over 10,000,000 barrels, or about the same as for December. This was a gain of ninety-six per cent. over January, 1919. In Wyoming and Colorado current monthly figures are not obtainable, but reports indicate a good January output. The Wyoming production for 1919 averaged 1,147,750 barrels per month. There has been a decrease in stored stocks of petroleum, while a slight increase in the monthly production has taken place. A tendency to substitute oil for coal throughout the country is proceeding and increasingly severe drafts are being made upon the accumulated stocks of the product.

General manufacturing is very active all over the country, but in textiles there has been some decline as compared with December. In District No. 3 (Philadelphia) the demand for raw cotton has fallen off because mills are well supplied. A conservative policy as to purchases of raw material is being pursued. Cotton yarn manufacturers are well sold ahead and are bringing their mill production nearer to capacity, although there has been a slight falling off in the past thirty days. Prices are higher to-day than they were a year ago by about one hundred per cent. in some cases. In district No. 1 (Boston) there is a disinclination on the part of mills to lay in raw material. The domestic yarn market is quiet and there is an "abundant tendency to caution." Cotton fabrics, including the fine grades, have lately been in less demand. There is a conviction that "prices have at last attained their maximum." Cotton goods manufacturers are running at capacity and export demand is fairly strong, while opinion as to prices is divided, some manufacturers believing that the peak has been reached.

Raw wool supplies of the finer grades are insufficient and little is being offered in the market. Woolen yarn manufacturers report an excellent demand and are operating their plants to capacity when they can get the labor.

Finished goods manufacturers in District No. 3 (Philadelphia) find their products so much in demand that they are obliged to allot the output among their customers. Good business is expected. In District No. 1 (Boston), woolen mills are running to their full capacity and claim to have no surplus of manufactured goods. Deliveries are being made promptly and there is some overproduction of overcoatings. The dress goods market is quiet.

Wholesale trade conditions are reported prosperous almost throughout the country. Wholesale dry goods houses in St. Louis say that their sales in January, 1920, were in many instances larger by one hundred per cent. than in January, 1919. Their business was also larger than in December. The retail stocks are reported to be depleted. In Chicago, mercantile stocks are at a low ebb and wholesalers state that the decline in foreign trade has apparently not affected them much. Some jobbers report the largest bookings in the history of their business. They do not anticipate any decline in orders. Similar conditions obtain in many parts of the country. In shoe manu-

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facturing producers have received heavy orders, but there is a dullness in the leather market, while the reduction of exports is believed likely to forecast a cut in prices to consumers. The demand for good grade of shoes, regardless of price, seems to continue. In the leather field sole leather continues dull and weak, while prices are not much changed. Declining quotations for hides have brought no corresponding movement in leather. Shoe price lists for the new season are higher than ever.

In spite of exceedingly high costs of building material, the intense shortage of accommodations is causing a great growth in building operations in many parts of the country. On the Pacific Coast an increase of nearly thirty per cent. is noted as compared with December, while as compared with January of last year permits issued are nearly four times as great.

In the Southwest an even larger ratio of increase has been noted. On the basis of incomplete statistics, District No. 10 (Kansas City) reports a relative increase of 467 per cent. during the past year, while District No. 11 (Dallas) reports 839 per cent. Great building expansion in 1920 in the Southwestern part of the country is accordingly anticipated. In the Middle West permits issued have been far in excess of the corresponding month last year. In the East and Northeast, where the movement toward increased building started perhaps earlier than it did in other parts of the country, the growth is not always so noticeable, relatively speaking, but the activity is still considerably on the increase. Difficulty in obtaining deliveries of building materials have been severe. Scarcity of cars has prevented the movement of lumber and heavy building materials, and the effect of this situation will be to restrict the early spring progress in construction.

Labor conditions are quite generally reported throughout the country as being in fairly stable position. The most unfavorable aspect of the labor outlook is the tendency reported from various districts toward restriction of output. Even in those cases, however, where this tendency is noted, the opinion is occasionally expressed that the effect of the restrictive policy in injuring those who practice it is beginning to be better understood. Scarcity of labor is noted in many districts, particularly in the agricultural regions, and as a result reduction in the acreage of farms and the output

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital $500,000 Surplus $2,000,000 Undivided Profits $950,000

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GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED. **INTEREST ALLOWED ON DEPOSITS.**

in some manufacturing lines is foreseen. An especially acute situation in farm labor is reported from the Southwest. In the Eastern manufacturing district notable increases in the number of men employed and in the advance of factories toward capacity production have occurred. In some specialized industries, however, either strikes or shortage of raw material have led to restriction of output, although such interferences have not been extensive. Many plants which during the war were not able to bring more than a substantial percentage of their machinery into active operation have succeeded in getting much closer to total activity. It is noted, however, that even those plants which are running at full capacity are in some instances unable to turn out as much as in prewar days. From Cleveland it is reported that one large employer of labor finds that while the numerical strength of his staff has increased eleven per cent., the augmented force is producing fourteen per cent. less than the old force. On the Pacific Coast labor has been fully employed, and unemployment during the winter months has been purely nominal. A fairly extensive telephone strike recently occurred, but apparently has not enlisted the support of a very large proportion of those subject to it.

During the month of February there was a continuation of the heavy demand for funds which had been characteristic throughout the country for more than ninety days. Advances in rates of interest, both for call and time money, and for commercial paper, carried the general cost of loan funds up to a figure probably in advance of any that had been recognized in the United States for some years past. Coincident with these advances in the cost of loan funds was a decline in the quotation of the best investment securities, while on the whole a shrinkage or contraction in the volume of trading in all classes of securities throughout the country was observed.

There is evidence that financial and banking authorities all over the country are looking more seriously to the general situation in credit and are beginning to urge the adoption of conservative policies. Foreign exchange has suffered a collapse which carried rates down to the lowest level thus far recorded early in the month, after which recovery took place. Predicted reduction of exports has not been borne out by the Government figures for January, which show an advance over December amounting to about $50,000,000. A material cut in the amount of credit available for support of exportation is taking place.

The general prospects at the close of February are favorable to an active, prosperous spring season in the principal manufacturing, wholesaling and retailing lines. Wages continue very high and labor in strong demand. Agricultural prospects are good and the curtailment in exports due to foreign exchange conditions, while undoubtedly beginning to make itself felt, is believed by many to be beneficial to the consumer rather than injurious. A tendency to resist the advance in prices and some increase in care in purchasing are regarded as favorable symptoms. The credit and money situation continues strained and there is a scarcity of funds for long and short term use.

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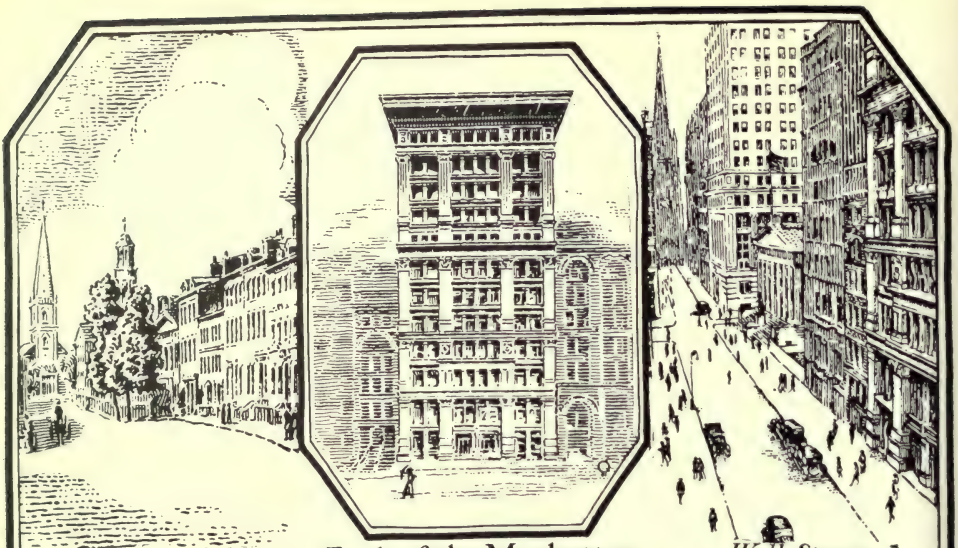
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1799

Bank of the Manhattan Company

Wall Street
1920

Effective March 29th—the Consolidation of

the Bank of the Manhattan Company and the Merchants' Bank

ONE hundred and twenty-one years of banking progress are symbolized in the merger of these two great Houses—famed throughout the world for their long and honorable career of sound banking in behalf of commerce and industry.

The Bank of the Manhattan Company was established in 1799, with a capital of $2,000,000; the Merchants' Bank in 1803, with a capital of $1,250,000.

Today, the capital, surplus and undivided profits of the consolidated Institution is about $20,000,000, and its total resources more than $200,000,000.

Though founded under the auspices of men so diverse in opinion as Aaron Burr and Alexander Hamilton, these two Banks from the first found common ground in the same conservative banking principles—the same ideals of progressive service to the City and the Nation.

So long ago as 1918, the Bank of the Manhattan Company acquired the Bank of the Metropolis—thereby enlarging its facilities by an established office on Union Square. In January, 1920, it acquired also the Bank of Long Island, with its offices in Long Island City, Jamaica, and eleven other industrial centers of Queens County.

By the merger now completed, each constituent Bank finds in the other the necessary complement for a new era of progressive service—ensuring to the clients of the enlarged Bank of the Manhattan Company a still higher usefulness, under the personal direction of the same Officers as before the consolidation.

Bank of the Manhattan Company

40 Wall Street

STEPHEN BAKER, *President*

RAYMOND E. JONES, *First Vice-President*

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Economic Conditions in the Eastern States

THE past month has been characterized by two events of exceptional importance in the financial world—the return of the railways to their owners and the decision of the United States Supreme Court in the case against the United States Steel Corporation.

As to the first of these events, it will require considerable time to ascertain whether or not the railways under private operation will regain the efficiency that they at a former period displayed. Fortunately, the present disposition of those engaged in railway labor seems to be in favor of giving the new arrangement a fair trial. If this inclination persists and is supplemented by a like spirit of coöperation with the roads on the part of the people and the Federal and State authorities, it may be expected that American railways will before very long show signs of their customary efficiency.

So far as one may interpret the decision in the Steel Corporation case, it seems to warrant the conclusion that only such combinations of capital and enterprise as do not constitute unlawful monopolies acting in restraint of trade, and that do not offend against public policy, can be assured of immunity against legal dissolution. The decision takes note of the changed conditions in industry, and finds no warrant in the constitution and operations of the United States Steel Corporation for seeking to restore the conditions of twenty years ago.

While this view of the matter may be taken as indicating a more liberal spirit than has heretofore prevailed toward large business aggregations, it is not considered as justifying the belief that the Government will take a like lenient attitude toward big corporations that constitute a virtual monopoly or whose practices are more open to criticism than those of the Steel Corporation seem to have been. In other words, that the great trusts have to be constantly on their good behavior if they would escape the heavy hand of the Government.

Another court decision has given no small satisfaction in business circles—the exemption of stock dividends from the income tax. Incidentally, this recalls that the whole subject of taxation is undergoing a very sharp scrutiny on the part of large manufacturing and financial interests. It is regarded as essential to business prosperity and to any marked reduction in the cost of living that there shall be a curtailment of public expenditures which will make a lowering of taxation possible, and also that some of the excess profits tax must be taken off if the capital investment fund of the country is not to undergo a serious impairment. Suggestions are being made and regarded with some approval to place a tax upon all sales as a means of making good the loss in revenue which a reduction of the excess profits tax would entail.

While, following the admonitions of the Federal Reserve Board, attempts are being made to curtail banking credits, these attempts thus far have not been very successful. The intrinsic soundness of the policy of shortening credits at this time does not appear to be in dispute, but the application of this policy is encountering numerous obstacles, not the least of which is the as yet unchecked propensity for liberal expenditures on the part of the people generally. As merchants and manufacturers find themselves hardly able to supply the demands for goods, it is not to be wondered at that the banks are continually under pressure to enlarge their credits.

A slight improvement in the situation of foreign credits has followed upon the announcement of the payment of a considerable part of the Anglo-French bonds maturing next fall and the official statement coming from France that no expectation is entertained there of a cancelation of indebtedness, and all that is asked for is adequate time for recuperation from the effects of the war, when all debts will be paid.

In New York and throughout this section generally the housing situation has grown more acute with the progress of time, and now steps are being taken by public officials and commercial organizations for concerted action looking to the relief of the situation.

The activity in general manufacturing and commercial lines heretofore noted does not appear to have abated in the least, and the outlook for the spring season is for continued prosperity.

NATIONAL BANK OF COMMERCE IN NEW YORK ANNOUNCES APPOINTMENTS

Harry S. Ronaldson has been appointed manager of the bond department of the National Bank of Commerce in New York.

Mr. Ronaldson entered the employ of the bank in July, 1918, in the bond department. He was made assistant manager of the department in June, 1919.

J. Sylvester MacDermott and Harvey A. Strong have been appointed assistant managers of the department.

WILLIAM A. GEHLE

William A. Gehle has recently been appointed office manager of MacQuoid & Coady, 14 Wall street, New York. For the past fifteen years Mr. Gehle has been associated with the Liberty National Bank and until recently had charge of the publicity and new business department.

GURDEN EDWARDS

The National Bank of Commerce in New York has announced the appointment of Gurden Edwards as manager of its service department. Mr. Edwards has been with the bank since July, 1918. He was formerly connected with the Associated Press.

Mr. Edwards is a native of Oakland, Cal. He was graduated from the University of California with the class of 1907. During the war he was assistant manager of the press bureau of the Liberty Loan Committee of the Second Federal Reserve District.

APPOINTED VICE-PRESIDENT OF THE CHEMICAL NATIONAL BANK

The directors of the Chemical National Bank have appointed Frank K. Houston, now vice-president of the First National Bank of St. Louis, as vice-president of that bank.

Although one of the youngest senior bank officers in the United States, he has a broad acquaintance throughout the country, being widely known as a speaker and writer on financial subjects, as well as an active participant in many state banking associations and the American Bankers Association.

Mr. Houston is a native Tennesseean, was educated at Webb School and Vanderbilt University. Immediately upon his graduation in 1904 he was elected secretary of the Tennessee Bankers Association, which position he was holding when called to an official position with the First National Bank of Nashville, of which F. O. Watts was then president. When Mr. Watts accepted the presidency of the Third National Bank in St. Louis, Mr. Houston went with him as assistant cashier, later becoming a vice-president of the Third, and now holding a similar rank with the First National Bank in St. Louis, into which the Mechanics-American and St. Louis Union Banks were recently merged, along with the Third National.



FRANK K. HOUSTON
Vice-President Chemical National Bank, New York

During his seven years' residence in St. Louis Mr. Houston has strongly entrenched himself in the business and social life of that city, being a member of the Chamber of Commerce, the Noonday Club, the Advertising Club, Rotary, University Club, St. Louis Country Club, and the Missouri Athletic Association. He is a graduate of the American Institute of Banking and organized the Nashville, Tenn., chapter of the American Institute of Banking and was its first president. He has been prominently connected with Sigma Alpha Epsilon, one of the largest national college fraternities.

THE NEW YORK COMMUNITY TRUST

Announcement is made of the formation of the New York Community Trust, the scope of which is stated to be worldwide but "primarily in the interests of the inhabitants of the community comprising the

ATLANTIC
National Bank
Broadway-Opposite City Hall
NEW YORK CITY

Statement of Condition, February 28, 1920

RESOURCES		LIABILITIES	
Loans and Discounts	$16,347,522.74	Capital Stock	$1,000,000.00
U. S. Bonds and Certificates of Indebtedness	743,972.98	Surplus and Undivided Profits	1,054,758.51
Other Bonds, Securities, Etc	1,136,638.75	Unearned Discount	114,997.59
Due from Banks and Bankers	194,235.09	Reserved for Taxes, Expenses, Etc	23,559.99
Cash, Exchanges and Due from Federal Reserve Bank	5,441,196.40	Deposits	21,567,136.99
Interest Accrued	41,887.12	Circulation	145,000.00
Customers' Liability under Letters of Credit and Acceptances	1,684,189.81	Letters of Credit and Acceptances	1,684,189.81
	$25,589,642.89		$25,589,642.89

Commercial and Travelers Credits issued but not drawn against, $3,122,769.18

Phineas C. Lounsbury, Chairman
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John P. Laird, Asst. Cashier
Hugh A. Garretson, Asst. Cashier
Geo. M. Broemler, Mgr. Foreign Dept.

city of New York and its vicinity, regardless of race, color or creed," and having for its objects the encouragement of gifts, bequests and trusts for the benefit of the community and the application of progressive and flexible methods in their administration.

The following purposes are enumerated in the announcement:

(a) For assisting public educational, charitable or benevolent institutions, whether supported wholly or in part by private donations or by public taxation;

(b) For promoting scientific research for the advancement of human knowledge and the alleviation of human suffering or the suffering of animals;

(c) For the care of the sick, aged and helpless;

(d) For the care of needy men, women and children;

(e) For aiding in the reformation of (1) victims of narcotics, drugs and intoxicating liquors, (2) released inmates of penal and reformatory institutions, and (3) wayward or delinquent persons;

(f) For the improvement of living and working conditions;

(g) For providing facilities for public recreation;

(h) For the encouragement of sanitation and measures for the prevention of disease;

(j) For investigating or promoting the investigation or of research into the causes of ignorance, poverty and vice, preventing the operation of such causes, and remedying or ameliorating the conditions resulting therefrom.

In order to insure business management and provide for the safety of the principal of gifts made to the trust, the plan provides that the trust companies of the city and other banking institutions having trust power, shall act as trustees. In this connection the following trust companies have to date qualified to accept bequests:

Equitable Trust Company, Columbia Trust Company, New York Trust Company, U. S. Mortgage & Trust Company, Irving Trust Company, Title Guarantee & Trust Company, Metropolitan Trust Company, Manufacturers Trust Company, Franklin

The Chase National Bank

OF THE CITY OF NEW YORK — 57 BROADWAY

Capital	$15,000,000
Surplus and Profits	21,735,000
Deposits (Feb. 28, 1920)	362,174,000

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WE RECEIVE ACCOUNTS OF Banks, Bankers, Corporations, Firms or Individuals on favorable terms, and shall be pleased to meet or correspond with those who contemplate making changes or opening new accounts.

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FOREIGN EXCHANGE DEPARTMENT

Trust Company, Kings County Trust Company, Mercantile Trust Company, Fidelity Trust Company, American Trust Company, Hamilton Trust Company, Hudson Trust Company, Commercial Trust Company.

Alvin W. Krech, president of the Equitable Trust Company has been elected chairman of the Trustees Committee and Frank J. Parsons, vice-president of the United States Mortgage & Trust Company, acting director of the New York Community Trust.

The community trust plan, upon careful study, presents many points of interest, but broadly stated, its objects may be summarized as follows:

1. The preservation of the principal of charitable gifts.

2. The prevention of obsolescence in charitable gifts by making possible without court action, delay or expense, the transfer of the income of a fund from a charity which has outlived its usefulness, to some active public benevolence whose scope shall be as nearly as possible within the original desires of the donor.

3. The creation of a stronger and better community feeling and the attainment of broad community purposes through the use of the unrestricted income from gifts, both large and small.

4. The securing for established charities and for investigation and research, of funds which might not otherwise be obtainable.

5. The assurance of the donors, to the charity, and to the public, of the highest degree of care and responsibility in the investment and reinvestment of the principal of charitable gifts through the coöperation of the trust companies, adequately equipped and authorized to act under the law.

6. Opportunity for men of small means with no direct descendants to make contributions to a common community fund.

7. The opportunity for men of large means after having cared for their own, to provide that the residuum of their estates shall remain intact, the income to be used for public purposes.

The plan provides that the income of the trust shall be distributed by a committee which shall consist of eleven citizens of the United States and residents of the community, selected for knowledge of the educational, charitable or benevolent needs of the

inhabitants of the community. In no event shall more than three of the members belong to the same religious sect or denomination. No person holding a public office shall be a member of said committee, and if any member of said committee shall be appointed or elected to any public office, such member shall thereupon and without further action or proceedings whatever, cease to be a member of the committee. The committee shall be constituted, nominated, appointed and classified as follows:

Class (1) One member by the president of the Chamber of Commerce of the State of New York.

Class (2) One member by the Mayor of the City of New York.

Class (3) One member by the president of the New York Academy of Medicine.

Class (4) One member by the president of the Association of the Bar of the City of New York.

Class (5) One member by the president of the board of trustees of the Brooklyn Institute of Arts and Sciences.

Class (6) One member by the Senior Circuit Judge of the United States Circuit Court of Appeals of the Second Circuit.

Class (7) Five members by the Trustees' Committee, none of whom shall be executive officers of the trustees.

The New York Community Trust is modeled somewhat upon the plan of the Cleveland (Ohio) Foundation, which was established a little more than five years ago and at the present time has received gifts, living trusts and bequests estimated to aggregate over $100,000,000. The community trust plan is now operative in the following cities:

Chicago, Boston, Philadelphia, St. Louis, Cleveland, Detroit, Pittsburgh, Attleboro, Houston, Indianapolis, Worcester, Providence, Milwaukee, Minneapolis, Lincoln, Louisville, Los Angeles, New Orleans, Seattle, Spokane, Sioux City, Honolulu, H. T.; Buffalo, Winston-Salem, Asheville, Salisbury, Highpoint, Peoria, Newark, N. J.; Cincinnati, Tulsa, Okla.; Richmond, Harrisburg.

The New York Community Trust, having had in its formation the advantages of the experience which has gone before, and being conceived along sound but flexible lines, seems destined to fill a useful and increasingly important place in the affairs of the community in the years to come.

In a number of instances trust companies which have adopted the resolution have already been named under wills as trustee for

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$18,000,000.00

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Trust Department
CHAS. W. CARY, Trust Officer

Member Federal Reserve System

INVESTMENT SECURITIES

We specialize in Government bonds and other investment securities. This firm was founded in 1865 and we have always endeavored to recommend to our clients conservative investments. As members of the New York and Boston Stock Exchanges we are prepared to execute orders for the purchase or sale of securities on a cash basis in large or small amounts.

A circular describing several issues of desirable investment securities will be sent on request

Kidder, Peabody & Co.

115 Devonshire St.
Boston

17 Wall Street
New York

the New York Community Trust. The amount of these bequests, however, cannot be determined at this time.

CHEMICAL NATIONAL BANK OF NEW YORK, ABSORBS CITIZENS NATIONAL

About May 1st the Citizens National Bank of New York will be merged with the Chemical National Bank, stockholders owning a majority of the stock of both institutions having already agreed to the plan of merger.

The consolidated bank, which will be known as the Chemical National Bank, will stand seventh among the national banks of New York in point of aggregate resources. In the reports of the call of the Controller of the Currency on Feb. 28 last the Chemical National reported resources of $138,360,941 and the Citizens National $76,881,839, a total of $215,242,780. The deposits of the former amounted to $81,625,945 and of the latter $46,449,275, an aggregate of $128,075,340.

A more recent statement issued in behalf of both institutions indicated that deposits had increased substantially since the call, the total being placed at about $140,000,000. The Chemical's loans and discounts as of Feb. 28 were $87,822,142 and the Citizens National reported $51,274,209.

The consolidated bank will have a capital of $4,500,000, a surplus of $13,500,000 and undivided profits of approximately $1,000,000.

Herbert K. Twitchell, chairman of the Chemical National's board of directors, will hold the same office after the union of the institutions has occurred. Percy H. Johnston, president of the Chemical National, will continue in the same office, and Edwin S. Schenck, now head of the Citizens National, will be first vice-president. The other officers of the Citizens National will continue with the same titles and the same work they are now engaged in after the bank is united with the Chemical.

The merger is a continuation of the programme of expansion begun by the Chemical National two years ago. At that time, after standing almost isolated in its position against paying interest on deposits, the management decided to pay interest, and the deposits expanded steadily there-



HERBERT K. TWITCHELL
Chairman of the Board, Chemical National Bank, New York

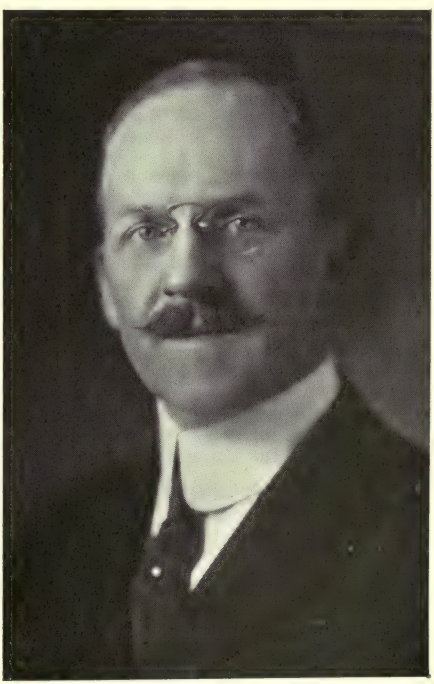


PERCY H. JOHNSTON
President Chemical National Bank, New York

after. Shortly after this change was made Mr. Johnston came from Louisville, Ky., as a vice-president. Within a few months Mr. Twitchell became chairman and Mr. Johnston was elected president.

The directorate of the Chemical National consists of Frederic W. Stevens, W. Emlen Roosevelt, Robert Walton Geolet, Charles Cheney, Arthur Iselin, Frederic A. Juilliard, Ridley Watts, Charles A. Corliss, Mr. Twitchell and Mr. Johnston. The Citizens National directors are Mr. Schenck, Robert B. Hirsch, Ralph L. Cutter, Darwin P. Kingsley, William S. Gray, William Fellowes Morgan, Charles L. Bernheimer, Charles Allen Munn, Frank Presbrey, Garrard Comly, Otto L. Dommerich, Walton P. Kingsley, Howard F. Clark, Henry A. Caesar and John A. Garver.

As both banks have been for many years active along commercial lines, no marked alteration of policy is expected to follow the merger. The location of the merged banks will be at 270 Broadway, the present home of the Chemical National Bank.



EDWIN S. SCHENCK
President Citizens National Bank, New York

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LOCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

Union National Bank

PHILADELPHIA

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GUARANTY TRUST OPENS BRANCH OFFICE

The Guaranty Trust Company has opened an office at 268 Grand street, between Christie and Forsyth streets, New York, for the transaction of a general commercial banking business and the maintenance of a complete service for foreign drafts, cable transfers, and money orders.

The first floor of the building, which was formerly occupied by the Mutual Alliance Trust Company, will be occupied by the general banking department, and the foreign department will be located in the basement. Both floors have been remodeled and fitted with all conveniences for the transaction of business. The new office is being opened in order to provide more quickly and efficiently for the constantly increasing volume of foreign exchange business handled by the company. Special arrangements have been made for sending money, through this office, by cable or mail, to any accessible part of the world, including Poland, Central Europe, and the Balkans.

Harry Lawton, who has had charge of the Overseas Service at the main office, and who has had a wide experience in international banking, will be manager of the Grand street office.

The Guaranty Trust Company of New York now has four offices in New York city, the main office at 140 Broadway, the Fifth avenue office at Fifth avenue and Forty-third street, the Madison avenue office at Madison avenue and Sixtieth street, and the Grand street office. The company also has branch offices in London, Liverpool, Paris, Havre and Brussels. The company's capital and surplus total $50,000,000 and its resources exceed $800,000,000.

A. W. LOASBY RECEIVES NEW APPOINTMENT

At the last meeting of the executive committee of the Equitable Trust Company of New York, Arthur W. Loasby, president of the First Trust and Deposit Company of Syracuse, New York, was appointed a vice-president.

A NEW BANKING AND TRUST COMPANY ASSOCIATION

At a meeting recently held at the office of the Equitable Trust Company of New York, "The New York City Association of



GEORGE P. KENNEDY
President Italian Discount and Trust Company, New York



J. L. WILLIAMS
Vice-President East River National Bank, New York

Trust Companies and Banks in their Fiduciary Capacities" was organized.

This meeting was attended by representatives of practically all the trust companies and banks in Greater New York.

The following officers and members of the executive committee were elected: President, Joseph N. Babcock, vice-president the Equitable Trust Company of New York; vice-president, H. F. Wilson, Jr., vice-president Bankers Trust Company; secetary and treasurer, Ralph L. Cerero, trust officer the National Park Bank; members executive committee, W. J. Montgomery, vice-president Franklin Trust Company; Henry C. White, assistant trust officer the Corn Exchange Bank; M. P. Callaway, vice-president Guaranty Trust Company; Edwin Gibbs, trust officer Chemical National Bank; Frederic J. Fuller, vice-president Central Union Tust company; Herbert W. Morse, vice-president New York Trust Company.

The objects of this new organization as stated in its articles of association adopted at the meeting are to promote the interests and general welfare of trust companies and national and state banks engaging in fiduciary transactions in the City of New York, by affording, through meetings of the association and otherwise, opportunities for the discussion and consideration of questions affecting such companies in their fiduciary capacities, and to further personal acquaintances among the officers of its members.

All trust companies and national and state banks in the City of New York engaging in fiduciary transactions are eligible to membership in this association.

DEATH OF HENRY A. SMITH

Henry Allan Smith, formerly a vice-president of the National Bank of Commerce in New York, died last month at his home, 248 West 105th street. He was in his seventieth year.

Mr. Smith was born at Hudson, New York, and at the age of fourteen entered the employ of the Farmer's Bank there. Later he came to New York City to the old Third National Bank. Afterwards he went to the Western National Bank of this city

as cashier, later becoming a vice-president. That institution was merged with the National Bank of Commerce in New York in 1903, and Mr. Smith remained as a vice-president of the consolidated institution until July 1, 1913, when he retired. He was for many years actively interested in the American Bankers Association and was well known both to local and out-of-town bankers.

Mr. Smith was a member of the New York Athletic Club, the American Institute, and the Japan Society. His country home was at Caldwell, N. J. He leaves a widow, Mrs. Emma E. Smith, and a sister, Miss Lillie Smith.

GUARANTY DIVIDEND

The board of directors of the Guaranty Trust Company of New York have declared a quarterly dividend of five per cent. on the capital stock of the company for the quarter ending March 31, 1920, payable on that date to stockholders of record March 19, 1920.

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F. J. ROSS COMPANY INCORPORATED

By friendly agreement Frederick J. Ross has withdrawn his interests from Blackman-Ross Company and has become identified with the F. J. Ross Company with offices at 119 West 40th street, New York, where a general advertising agency service will be maintained.

The Blackman-Ross Company will hereafter be known as the Blackman Company with offices at 95 Madison avenue, New York.

FRANK STEMPLE

Frank Stemple has been appointed an assistant manager of the foreign department of the National Bank of Commerce in New York. He has been connected with the bank since October, 1915.

MARWICK, MITCHELL ADMIT NEW PARTNER

Marwick, Mitchell & Co., accountants and auditors, have announced that they have admitted Norman G. Chambers, C. P. A., to partnership in their firm. Mr. Chambers will be in charge of and devote all his time to the special department that the firm maintains for the handling of the federal and state tax matters of its clients.

MORTON AND COMPANY ELECT OFFICERS

Announcement has been made by Morton and Company, Inc., which was incorporated recently under the laws of the State of New York, to do a general investment business, particularly in the underwriting of issues, that the following officers had been elected: G. H. Walker, president; C. L. Holman and J. D. Sawyer, vice-presidents; Wilbur F. Holt, secretary and treasurer. The directors elected are: F. B. Adams, Eugene Grace, W. A. Harriman, Elton Hoyt 2d., C. L. Holman, Henry Lockhart, W. C. Potter, S. F. Pryor, Percy A. Rockefeller, Harold Stanley, E. W. Stetson, J. R. Swan, Joseph H. Uihlein, Malcolm Whitman, G. H. Walker.

The temporary offices of the company are at 56 Broadway, New York.

TEXTILE BANKING COMPANY DECLARES DIVIDEND

The directors of the Textile Banking Company, Incorporated, have declared an initial quarterly dividend of two per cent. on the capital stock, payable April first.

Insurance and Banking

These two financial elements enter into practically every transaction of commerce, constituting the very backbone of credit, and the life-blood of business.

Every banker recognizes the necessity of an intimate knowledge of the insurance business and the conditions of trade that affect it. Companies, men and methods are constantly changing. These changes are vital to the banker who has loaned money with an insurance policy as security.

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Casualty Insurance, Liability Insurance, Etc.

The Weekly Underwriter

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FIVE DOLLARS PER ANNUM

NEW INDUSTRIAL MANAGEMENT FIRM INCORPORATED

A new firm—Webb, Kendall & Bruce, Inc.—has been organized for the purposes of industrial management. Offices have been opened at 65 Broadway, New York, and 199 Washington street, Boston. The following are associated in the business: Stuart W. Webb, Henry P. Kendall, John M. Bruce, Fred R. Ayer, Henry J. Guild and Charles B. Wiggin.

JULIAN W. POTTER

The board of directors of the Italian Discount and Trust Company have announced the appointment of Julian W. Potter as a vice-president of the company.

GUARANTY APPOINTMENTS

At a meeting of the executive committee of the board of directors of the Guaranty Trust Company of New York on March 11, 1920, A. L. Valentine was appointed an assistant comptroller at the main office, and Reginald Hale an assistant secretary at the London office.

Max Waessel, Mortimer Van Damm and Emanuel Appert have been appointed assistant managers of the overseas service department.

John D. Ihmels has been appointed an assistant auditor.

Mr. Ihmels was born in Brooklyn on April 23, 1888, and was educated in the public schools there, having been graduated from Commercial High School in 1904. He entered the employ of the Erie Railroad immediately after graduation and remained there until June, 1916, when he joined the staff of the Guaranty Trust Company as a junior auditor.

James Steel has been appointed an assistant secretary.

Mr. Steel was born at Bathgate, Scotland, on August 3, 1870, and was educated at the Bathgate Academy. After being employed for several years in the wholesale dry goods business he came to America in 1892, and for the next ten years was with the Spool Cotton Company, the New York representative of J. & P. Coates, thread manufacturers. He then came to the Guaranty Trust Company as a bookkeeper. In January, 1910, when the Morton Trust Company and the Fifth Avenue Trust Company were merged with the Guaranty, Mr. Steel,

then head bookkeeper, became the first auditor of the Guaranty Trust Company. In 1913 he was appointed chief clerk and auditor of the Fifth avenue office and held those positions until July, 1916, when he was appointed vault officer at the main office.

MECHANICS AND METALS TO INCREASE CAPITAL

The directors of the Mechanics and Metals National Bank have voted to submit to stockholders of the bank a proposal to increase the capital of the institution from $6,000,000 to $9,000,000. For this purpose, a special meeting of stockholders has been called for March 23. If the proposal is approved the new stock will be offered to present holders at par, $100, in the ratio of one new share for each two shares of present holdings.

WILLIAM T. LAW

William T. Law has been elected a vice-president of the United States Mortgage & Trust Company.

FRANKLIN TRUST CO. APPOINTMENTS

At a recent meeting of the directors of the Franklin Trust Company of Philadelphia, Pa., C. Addison Harris, Jr., was elected president, succeeding Henry E. Woodman, whose death occurred on January 26. Prior to his promotion, Mr. Harris was vice-president and treasurer. As a result of the election of Mr. Harris to the presidency, the following changes are announced: A. B. Dauphinee, formerly secretary and assistant treasurer has been elected treasurer; Anson L. Crispen, previously assistant treasurer, becomes secretary and assistant treasurer, and Albert L. Taber has been made assistant secretary. A. C. Woodman, vice-president of the Union Petroleum Co., has been elected a director filling the vacancy due to the death of H. E. Woodman.

American Exporters and Bankers

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CHARLES D. JARVIS

Charles D. Jarvis has been elected to the office of secretary and treasurer of the Herkimer County Trust Company, Little Falls, New York, succeeding Lorne M. Graves, who has resigned.

THEODORE ROUSSEAU DECORATED

Theodore Rousseau, a director of the Italian Discount and Trust Company, has been awarded the decoration of the Crown of Italy. The citation, sent from the king through Baron Avezzana, Italian Ambassador to the United States, commends Mr. Rousseau's activity as secretary of the Italy America Society, of which Charles E. Hughes and Thomas W. Lamont are president and treasurer respectively. Mr. Rousseau is secretary to Charles H. Sabin, president of the Guaranty Trust Company of New York, and for four years was secretary to the late Mayor Mitchel.

MERCHANTS-MANHATTAN CO. CONSOLIDATION

As an intermediate step in the merger of the Merchants National Bank of the City of New York with the Bank of the Manhattan Company, the former institution organized on March 1 as a state bank, omitting the word "national" from its title and resuming the corporate title under which it was organized over a century ago. The merger with the Bank of the Manhattan Company becomes effective March 29. An interesting account of the history of these two historic banks will appear in the April number of THE BANKERS MAGAZINE.

HOLLISTER WHITE OPENS NEWARK BRANCH

It has been announced that a branch of Hollister, White & Co., Inc., has been opened at 19 Clinton Street, Newark, N. J., in charge of Howard V. Wolfenden. The firm now has offices in Boston, New York, Philadelphia, Newark, Springfield, Providence, Pittsfield and Portland.

New England States

NEW ENGLAND has been snowed in, frozen in and generally battered by the elements during the past month, and it was not until well along toward the middle of the month that it was possible to "dig out." The interruption to transportation was a serious handicap to business—how serious no one can possibly realize unless they were in New England at the time. Many of our big industries are either on tide water or located on railroad branches and were threatened with not only fuel shortage but a shortage of raw material and an absolute crippling of outgoing shipments. Now New England has dug its way out of the storm handicaps, but the effects on business will be felt for some time to come. However, New England has "come up smiling" and in every line strenuous efforts are being made to make up for lost time.

We are looking for prices to drop in many lines. It is confidently predicted that lumber and other building materials will come down a bit in the immediate future. This belief is evidenced by the resumption of "fixed price" contracts in the building field. For a long time, and in fact up to the early part of March, contracts were placed only on the cost-plus plan. Now contractors are bidding on the fixed-price basis, apparently foreseeing a falling market. This is true in other lines also, for merchants and manufacturers are buying close to immediate needs and watching the maket carefully. Early in the month there was some speculative disposition to stock up in some lines, based on the evident shortage of goods of all sorts. The spurt was short lived, however, and now the feeling is that there is bound to be a falling off in consumer demand if prices are held at the present abnormal level.

The money market is tight in New England, as elsewhere. Rates have ruled around seven and eight per cent. One would naturally expect that such a condition would curtail real estate activity, but such does not seem to have been the case. The demand for real estate is still abnormally heavy, especially for homes and small business properties, and there seems to be little difficulty or hesitancy in financing such transactions. Speculative activity in real estate is at a standstill.

The stock market has followed the trend of the New York market closely and while the announcement of the decision in the stock dividend tax case made a fine start for a speculative boom, the tightness of the money market was a pretty effective check.

Deposits in savings banks show a steady increase and during the month several of the banks have increased their rates of interest. Substantial earnings of the past year or two have induced many banks to build and equip new quarters, in fact there never was a time when as many bank building operations were going on as just at present, and there are many more in prospect.

The records of new corporate enterprises are still heavy and show a large increase over the normal level of a few years ago. Business failures are comparatively few and relatively unimportant.

Generally speaking, the attitude of the average business man in New England today is one of conservative optimism. He is not taking any long chances but he is fully convinced that inasmuch as New England produces, for the most part, necessities which the whole world demands, New England industries are in for a long spell of good business which could only be wrecked by ill-advised speculation and too liberal buying in the face of strong possibilities of falling prices.

SOUTH AMERICAN TRADE HINGES ON TRANSPORTATION

Unless Americans quickly awake to the need for adequate steamship service to the East Coast of South America, not only a large part of the business secured there during the war may be lost, but possibly some of that in the hands of Americans

Quick Dependable Service

During its eighty-eight years, this bank has developed specialized facilities and world-wide connections through which it extends to its correspondents quick, dependable service in every department of domestic and foreign banking.

The Merchants National Bank of Boston

Resources over $82,000,000

previous to the war, said Daniel G. Wing, president of the First National Bank of Boston, in discussing the three months' trip to South America from which he has recently returned.

Mr. Wing has come to the belief that the English, particularly, are making the greatest possible efforts to hold what trade they have and regain some that they lost when they were too busy with the Germans to attend to economic matters abroad. He is of the opinion that it is absolutely essential, if American trade is to continue to thrive with South America, to have large and well-equipped steamers plying to Brazil and Argentina, and to have them move according to the schedules, whether there is a full cargo or not. This plan, he said, would probably mean that for a time some sort of Federal assistance would be necessary because the lines, most likely, would not pay until they had built up a good business. As things stand to-day, there are no first-class steamers plying to the East Coast except those from England and France, the natural tendency under such circumstances being for the South Americans to go to France and England instead of coming north.

Mr. Wing left here about the middle of November. Among the cities visited were Sao Paulo and Santos, besides Rio Janeiro, in Brazil; Buenos Aires, Argentina (where the First National has a branch); Montevideo, Uruguay; Santiago and Valparaiso, Chile; Lima and Callao, Peru; and Colon, Panama.

"Brazil," said Mr. Wing, "has wonderful undeveloped resources. Sao Paulo is quite a manufacturing city and reminded me of Kansas City. The packing concerns are the largest foreign business interests I found anywhere. They have got in and are firmly established down there.

"As I saw the American colonies in South America, they are made up of a good lot of fellows—alive, active and able to compete with others, if they get proper transportation. As it stands now, one can get to England and France with better steamship accommodations and about as quickly as he can get to the United States. I feel sure that South Americans will have a great deal better understanding of this country when we get them to come here. Most of them know very little about the United States. If we had adequate ships running to and from the East Coast on regular schedules, after the idea of the Grace Line on the West Coast, it would bring them here and we could secure a large share of the business. The Grace Line to the West Coast runs twice a month and makes the trip from Valparaiso to New York in eighteen days—a fine trip. The direct American cable to South America, now in operation or about to be used, will help us greatly. Formerly we had to send cable messages around by way of Europe.

"The port of Buenos Aires I found a very busy place. There I saw ships from all over the world, notably from England, France, Italy and Norway. I was very glad to make note of a schooner that had just come in from Bath, Me., loaded with lumber. While I saw the Stars and Stripes flying here and

there among the ships, I did not see it as much as I could have wished.

"The English are very active in trying to hold what trade they had before the war—and they are holding fairly well. If we don't pay more attention and put on better transportation, they'll get a large share of our business.

"The branches that American banks have put in down there are of great assistance in the extension of commercial business.

"Business is good in Argentina. Their wealth comprises cattle, hides, wool and grain. As long as they can sell these articles to America and Europe at good prices they will continue to be prosperous. The only thing that I can see that may end the good times is the possibility of Europe or this country becoming unwilling or unable to continue the purchases. Costs are about as high in South American countries as in the United States; nearly as high but not quite. The labor unrest is noticeable there the same as here, but prices of labor are not quite so high."



DANIEL G. WING
President First National Bank of Boston

NEW ENGLANDERS AND AMERICANISM

William H. Peck, president of the Third National Bank of Scranton, Pa., had the following to say about New England in an address delivered before the New England Society of Northeastern Pennsylvania:

"The New Englander, settling in America and digging himself in, under the many hardships that he had to endure, has always been a loyal American and we have seen recently that no matter how many New Englanders may leave Massachusetts, the spirit of the Puritan abides there and has its influence on the people as shown by the recent majority of 124,000 for Calvin Coolidge for Governor. While the strike of the policemen of Boston was intended by the enemies of all government to be the start in their program of destruction, it was quickly shown to meet with disapproval when the people had opportunity to express themselves, and thus give courage to our whole country."

H. G. HUMPHREY

H. G. Humphrey has been elected a director of the Old Colony Trust Company of Boston, Mass. Mr. Humphrey is secretary and treasurer of the Union Land & Cattle Co. of Reno. Nev., and secretary and treasurer of the Union Wool Company of Boston.

R. I. HOSPITAL TRUST DISPOSES OF STOCK

The Rhode Island Hospital Trust Company of Providence has disposed of its holdings (amounting to 6,802 shares) in the Merchants National Bank of Providence. The stock has been sold to interests identified with the bank. The shares are of a par value of $50 each, while the market value is in the neighborhood of $90. The price at which the Trust Company has disposed of its interest in the bank is understood to be about $635,000. The stock of the Merchants National consists of 20,000 shares of $50 each. The Merchants National celebrated its one hundredth anniversary in 1918. The sale of the Merchants stock is the second of its kind by the Rhode Island Hospital Trust Company it having recently divested itself of 5,039 shares of Blackstone Canal National Bank. The latter were taken over by interests friendly to the Blackstone Bank.

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The above cartoon appeared recently in a Christiana Paper with this caption:
"However Norway may excel in some sports, there is no doubt that America beats the world in this"

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ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By Thomas Ewing Dabney

PROSPERITY, contentment and thrift summarize conditions throughout the South, according to the reports of merchants from a wide territory recently attending the Spring Buyers Convention in New Orleans. Their purchases, which exceeded the preliminary estimates, bear this out.

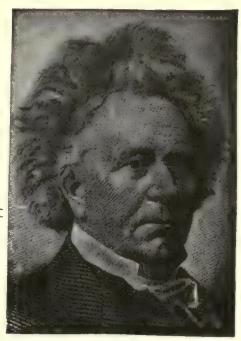
The greatly increased buying power of the people, resulting from the high prices they receive for their goods, is reflected in better living conditions and permanent improvements. Everywhere the people are buying better quality goods; the first flush of extravagance is passing off, and savings accounts are beginning to swell. The farmers are moving into the cities and towns so their children can get better educational facilities, and so they can enjoy some of the good things of life that the isolation of agricultural pursuits renders impossible. This accounts for the congestion in the centers and has launched a feverish building programme throughout the country. The lumber mills report orders booked further ahead than ever before. The farmers motor out to their farms from the city.

Cotton that five or six years ago brought five cents a pound is now bringing forty; potatoes that brought $1 a barrel bring $6; and so on down the entire list. Manufactured articles likewise are bringing greatly increased prices. Furthermore the demand is greater. The sixteen states of the South in 1919 produced forty-four per cent. (money value) of the crops of the entire country.

Even in the northern part of Louisiana where the crops were short, the prices are so high that business is in a sound condition.

New Orleans, winning back its position as second port of the United States, has made such enormous strides in foreign commerce that it has entirely outgrown its $15,000,000 system of public docks and has launched a programme for a $10,000,000 development. This minimum was set by a recent gathering of business men, shippers and bankers. Before the bond issue can be offered there must be special enabling legislation adopted by the state legislature, and this must be ratified by an election in November. But the project is considered so certain of adoption that the clearing-house banks of the city have offered to lend the Board of Port Commissioners $500,000 to carry the work until January, upon the sole guarantee of the board and the intention of the community to put through the legislation.

Another indication of the financial progress of the region was seen during the latter part of February, when the Canal-Commercial Bank of New Orleans floated the



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Our first President

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Capital . . . $400,000
Surplus and Profits over 1,700,000

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The National Exchange Bank

Baltimore, Md.

Capital, $1,500,000 *Surplus, $1,000,000*

WALDO NEWCOMER, President
SUMMERFIELD BALDWIN, Vice-President
PAUL A. SEEGER, Vice-Pres. CLINTON G. MORGAN, Vice-Pres.
JOSEPH W. LEFFLER, Cashier WILLIAM R. WEBB, Asst. Cash.

securities for a $10,000,000 combination, by which the firm of Penick & Ford, of New Orleans, buys and rebuilds the Douglass Company, of Cedar Rapids, Iowa. This is the first time that any Southern bank has swung such a big deal.

On the same day this was announced the Cuyamel Fruit Company of New Orleans put on the market a $2,000,000 bond issue, to enable the expansion of that organization. The bonds went very rapidly.

And several days later the largest building contract ever let in New Orleans was announced. This is the new twenty-four story home of the Hibernia Bank, which will cost $3,000,000. The Fuller Company got the contract.

The total banking resources of New Orleans are now more than $320,000,000. This tremendous total is typical of conditions throughout the South, for the banks everywhere that formerly borrowed money from New York to finance the crops are now sending money to New York.

The resources of the Canal Commercial Bank of New Orleans are about $78,000,000, and deposits $58,000,000. The resources and deposits, respectively, of the Hibernia are $70,000,000 and $56,000,000; of the Whitney-Central Bank of New Orleans $62,000,000 and $45,000,000.

Another prominent bank in the South is the Citizens and Southern Bank at Savannah, with a branch in Atlanta. Its resources are $69,000,000 and deposits $50,000,000.

The demand for cotton goods remains urgent and prices are high and rising. Mills are reported to be booked for six to twelve months ahead, and the same conditions exist in Manchester. The price for goods at the mills has been advancing faster than the price for the raw material. The outlook then for the cotton producer—and he is the backbone of the South—is for higher prices.

Indications are that the rice crop of the South will be large and bring a bigger price. There is practically no rice left in first hands, and there are six months to go before the new crop comes in. There is barely enough to go around, if indeed there is enough. It is reported that a full acreage is being planted; so that the producing power of this important crop is as great as ever, if not greater.

In Mississippi the agricultural department is working for greater diversification. Ex-Governor Manning of South Carolina, when

in New Orleans recently, declared that the war taught South Carolina how to diversify. Uncle Sam kept demanding that more foodstuffs be raised, so that the one-crop farmers were driven to learning the benefits of diversified agriculture.

The same is generally true throughout the South. A lesson the Mississippi propagandists are driving home is that general crops can be made to yield a great deal more than cotton. It has been shown, for instance, that potatoes yield $150 an acre net while cotton in an adjoining field yielded only $50.

Labor conditions throughout the South are favorable. Those who think the right order of things is to have three men applying for every job will say there is a shortage of labor. But, generally speaking, there is no shortage. There may be local shortages, but nothing widespread. There is not the unrest in the South that press dispatches report in other parts of the country.

At Birmingport, about twenty miles from Birmingham, Alabama, a modern terminal is being built by a private corporation to handle the business of the Warrior Barge Line. This connects several hundred miles of Alabama territory—including the coal mines and the steel region—with Mobile and New Orleans. The Mississippi barge line is doing much towards the development of the South. It is the means of diverting business from the East-and-West channels of trade to the North-and-South, and the cheaper transportation to seaboard makes competition in foreign markets easier. This is developing resources that formerly were latent. A $5,000,000 oil pipe line is being laid between the Shreveport oil region and New Orleans. The oil section of Louisiana is developing beyond all belief.

EARLY BANKING IN DALLAS

The February number of *The Security News*, published by the Security National Bank of Dallas, Texas, contains a very interesting account of pioneer days in Dallas, written by Captain Will H. Gaston.

Captain Gaston came to Dallas fifty-one years ago on horseback, from Palestine, Texas, where he spent his early life on a farm. He was a Captain of Hood's First Texas Brigade during the Civil War. He is known as the "Father of The Dallas Fair," having been instrumental in launching the fair, and was president of it six times. He has always been an active worker for the advancement of Dallas, and has been a liberal giver of money to all Dallas projects. He is the oldest banker in Texas and is the only survivor of the early bankers of Dallas.

Captain Gaston thus describes conditions in Dallas in the early days:

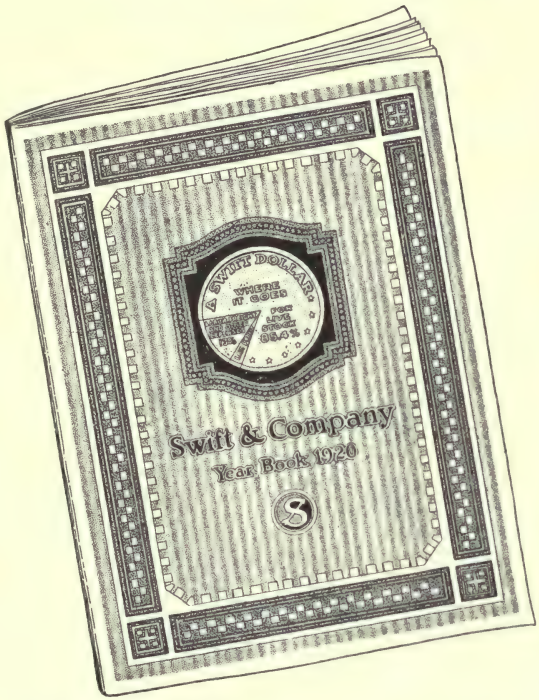
> The mud was fierce when it rained, and most travel was on horseback. Farming was the principal avocation, and there were but few farmers. That was before Fort Worth started and consequently Dallas was the trading and financial center of the cattlemen of West Texas.
>
> Even at that time we thought that Dallas would become a nice town because of the rich farming land on all sides, but we never realized that it would ever become the city that it is now. When we reached 5,000 population we thought we were great and when the 10,000 mark was reached we called ourselves a city! Today Dallas stands as a great city, but has just started to really grow. The young men of today will live to see the city more than double in population. It will grow by its own force. But not so in the early days.
>
> We knew no banking hours. We had lived on the farm and our idea of working hours was from sun-up until sun-down the year round. There were no cages in the bank. We had rough counters and a man received his money over the counter just as he did his groceries. We closed the bank when we went to dinner.
>
> The modern bank vaults were unknown. We had a dinky little safe that would have been easily carried away, but no one thought of bank robbers in those days, though they soon caught onto it, and then we had to get better vaults. I still have the safe that we used.
>
> J. B. Adone tells the story of his early experiences that is typical. He had a bank in connection with a general store and he had a number of these large lard cans hanging from the rafters. He parceled his money out and placed it in various of these cans. When a man came in and wanted a check cashed, he went back and took down a can and procured the money. He never lost anything this way.
>
> One year during the fair we lost $9,000, which was a great sum of money. I usually spent all of my time at the fair, thus diminishing the bank force, and some one came in and picked up the money from the counter. We never recovered the money.

VIRGINIA STATE BANKS

The total resources of the incorporated state banks of Virginia on December 31, 1919, amounted to $208,942,836.99 as compared with $199,436,988.54 on November 17, 1919 and $163,024,964.81 on November 1, 1918. On December 31 total deposits were $150,372,856.10 as compared with $144,198,358.71 on November 17.

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Swift & Company was a favorite topic of conversation last year.

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Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa and Missouri.

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By Charles L. Hays

THE financial situation in the central west is one of transportation and high prices rather than of money. Delayed shipments and deferred settlements are tying up more funds than the business activity, exceptional though that is. The upsetting of precedents and traditions which characterized the whole course of the war did not end with the armistice. Banking conditions in this section for the first two months of 1920 have been unlike any ever known before.

In normal times deposits in the banks of the financial centers reach their peak about March 1, the marketing of farm products is well out of the way, country banks have paid off their loans and have comfortable balances in the cities, money is easy and interest rates hover arount three per cent. The contrast at present is striking. Deposits have not risen at their usual seasonal rate, large quantities of farm products are still in the interior and their shipment is delayed, the country banks have made only a little headway in reducing obligations and have not built up the customary city balances, money is close and interest rates are around seven per cent. Commercial paper is virtually on a 6¾ per cent. basis, with only a very little bearing the choicest names at 6½ per cent., having advanced steadily from six per cent. in the last two months, and a seven per cent. level within a short time is generally expected. Some of the banks still accommodate their regular commercial customers at six and 6½ per cent., but brokers' loans have been at seven per cent. or above for some time. Rediscounts at the Federal Reserve Bank of Chicago exceed $300,000,000, having risen $100,000,000 in the last few months. The maximum for the whole period of the war was $279,000,000. Federal Reserve notes in circulation have passed the half billion mark for the seventh district, a figure exceeded only once before, early this winter. The ratio of the bank's reserves to combined net deposit and note liability, which all through the war averaged in the neighborhood of sixty-three per cent., is down to 45.7 per cent., the lowest recorded in the history of the bank with one exception, in July, 1918, when forty-five per cent. was touched.

While these figures would seem to spell stringency, there is as a matter of fact no sign of discomfort, except perhaps in the speculative security markets. Retail business is very active, the public demand for merchandise of all kinds, which for some time has given to each succeeding month, a new high record in distribution, showing no diminution. Manufacturers are as busy as the limitations of railroad equipment, coal and labor will permit, operations averaging about eighty per cent. of capacity. In the wholesale field orders are far in excess of those at the corresponding time last year. The only noteworthy shading of prices is in foodstuffs and even here the recession has not gone far enough to benefit the consumer materially. Luxuries still are in insistent demand. Automobile makers are expanding operations as rapidly as the freight congestion will permit. Transportation difficulties affect them most in the obtaining of raw materials. In deliveries these troubles are evaded by overland driving of cars. One large motor corporation brings thirty-five cars a day out of Detroit to Chicago in this way and the practice is so common that some of the railroads run every few days what are called "chauffeur specials" bearing drivers to the manufacturing centers to return with motor cars. Makers of jewelry, silk shirts, dress shoes, victrolas, pianos and similar articles find ready market for their goods.

In the packing industry output is a little less than normal and there is moderate accumulation of stocks because of the slackening of foreign demand.

The housing problem is serious and building has been in progress all winter on an unusually large scale, being limited only by the shortage of materials. Brick supplies are all but exhausted and lumber is scarce. Oak and mahogany are on about the same price basis. Efforts to meet the deficiencies in these lines are restrained by the same

COMPLETE FACILITIES *and* PERSONAL SERVICE

THE Northern Trust Company-Bank has this to offer in representing the interests of out-of-town banks and business men generally:

The services of a complete banking institution, embracing departments of Banking, Bonds, Trusts and Savings.

This bank preserves a real personal interest in the financial affairs of its customers, thereby rendering a more helpful service.

THE NORTHERN TRUST CO.-BANK

N. W. CORNER LA SALLE & MONROE STS.

Capital and Surplus $5,000,000

adverse conditions as to production, inadequate labor supplies and high wages as are encountered in other industries. Steel mills are booked through the first half of the year and could get much more tonnage were they disposed to take it. They also are handicapped by lack of cars as well as by some disorganization of working forces resulting from the strike of last fall.

The crop outlook is encouraging, although wheat has suffered some deterioration during the winter months. Manufacturers of implements have accumulated large stocks in anticipation of another year of big demand in the rural districts and inquiries from dealers indicate that their hopes will be realized. The general situation in the farming communities is satisfactory. The large mail-order houses, which sell largely in these regions, are doing thirty to fifty per cent. more business than at the corresponding time last year. Northern Indiana affords about the only exception in the central district to the general rule of flourishing trade. Some Illinois counties report that the early sowing of wheat has been damaged by the Hessian fly, while other sections of Illinois, Indiana and Iowa complain that ice and sleet have injured both wheat and grass, but the damage does not seem to be far-reaching. Flour mills in the Northwest have not been able to operate at capacity for some time because of lacks of cars and there is an accumulation of foodstuffs. Loans to millers and grain handlers are still near the peak, but with the opening of spring weather and better transportation facilities a reduction soon should be noticeable.

Land speculation has had much to do with recent financial congestion. Banks have had to accumulate considerable balances in anticipation of obligations due March 1. Closing of these transactions and the paying off of mortgages, which as a rule mature on that date, should release a large amount of capital. An interesting development in this connection is the action of several insurance companies which formerly lent freely on farm lands in Iowa in either increasing their rates or withdrawing temporarily from the lending field. This has thrown an additional burden on the banks.

The unfavorable foreign exchange situation has not yet affected the central west seriously, although there is a perceptible shrinkage in shipments of packinghouse products and other foodstuffs abroad. These,

however, probably will be the last of our exports to suffer from the penalizing of foreign buyers through the present exchange rates. The situation naturally is regarded with much concern, especially among bankers far-sighted enough to look forward to the time when domestic production shall overtake consumption.

ORGANIZES TRUST DEPARTMENT

The Liberty Trust and Savings Bank of Chicago has been authorized by the State Auditor to operate a trust department. Donald E. Malkes, who has had an extensive legal training and is thoroughly familiar with the handling of estates and trust matters, will be in charge of this new department.

BAUDER-BAKER PARTNERSHIP FORMED

A partnership under the name Bauder-Baker has been formed in Chicago, between Ray E. Bauder and J. E. Baker, to engage in an individualized business building and systematizing service for banks.

The firm will consist of Ray E. Bauder, for the past two years manager of the new business and publicity department of the National City Bank of Chicago, and J. E. Baker, who has had a wide experience in advertising and business building lines.

Although Mr. Bauder is but 30 years of age, he has had fifteen years of banking experience, covering every position in a bank from janitor to cashier. His particular hobby has been "business building," in which he has been highly successful. In the three years of his association with the Peoples National Bank of Westfield, N. J., the deposits of that institution increased from $300,000 to over $1,000,000. Later on as cashier of the First National Bank of Taylorville, Ill., he was largely instrumental in increasing the deposits of that old bank from $520,000 to $1,250,000 in three years, or three times the gain all the other banks in the city combined made in the same period. His success in these positions was largely instrumental in Mr. Bauder's being asked to go to Chicago to organize and take charge of the new business and publicity department of the National City Bank. At the National City he has established what is recognized as one of the most

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The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over $380,000,000



CLIFFORD ARRICK
Vice-President National City Bank, Chicago, Ill.

efficient and completely organized new business departments possessed by any bank in the country.

Mr. Bauder has also become well known to bankers throughout the country because of his invention of the "inkless" finger print system, which is credited with having done more for the advancement of this infallible method of identification than any other one factor. His "inkless" method is now being used by most of the larger banks in the country, police departments and by the government.

Mr. Baker comes from a family for many years actively associated with the banking business. He graduated from Amherst College in 1901, and for about eight years was sales manager for a large manufacturing establishment, where he had charge of as many as 500 salesmen at one time. In this experience he developed successful business getting methods and advertising policies. Later Mr. Baker spent a year in New York in developing the organization of the first practical highway transportation company in the east. He was also for some time managing partner of Wells & Baker, stock bond brokers of Chicago.

CLIFFORD ARRICK

David R. Forgan, president of the National City Bank of Chicago, recently made public the appointment of Clifford Arrick as vice-president of the bank, effective April 1. Mr. Arrick has been associated with the Bell Telephone System for the past twelve years, but will hereafter devote his entire time to the bank's interests.

Mr. Arrick started his business career at the age of fifteen, as a page in the United States Senate. Later he was associated with the Topographic Corps of the United States Geographical Survey and left that organization to accept the position of private secretary to the Hon. W. H. H. Miller, attorney general of the United States during the Harrison administration. At the close of that administration Mr. Arrick went with Senator Stephen B. Elkins of West Virginia, in a confidential capacity. In these two positions he formed a wide acquaintance among Washington newspaper correspondents.

In 1893 Mr. Arrick organized the insurance department of the Union Trust Company of Indianapolis, and was departmental manager until the outbreak of the Spanish-American War. He entered the army as major and paymaster of volunteers. At the close of the war he became associated with the Marion Trust Company of Indianapolis, and later entered the bond and brokerage business on his own account. His activities brought him in contact with officials of the Bell Telephone System and in 1912 he was asked to come to Chicago as publicity manager of the Central Group of Bell Telephone Companies.

During the recent war Mr. Arrick was active in connection with Red Cross, War Savings Stamp and Liberty Loan activities and has always taken an active interest in civic affairs.

"THROUGH BILLS OF LADING"

The foreign department of the Central Trust Company of Illinois, Chicago, has issued an interesting booklet entitled, "Through Bills of Lading" which contains a special world map, illustrating the various shipping routes covered by through bills of lading.

This booklet is of special interest to exporters and those interested in foreign trade inasmuch as it shows the importance of through bills of lading, how issued by the railroad, present regulations, and the method of handling.

"Reasons Why" No. 8

Collecting Items

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The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, President

BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, Vice-President
S. P. JOHNSON, Assistant Cashier
HENRY MEYER, Assistant Cashier
R. V. KELLEY, Assistant Cashier

MEDICAL DEPARTMENT INSTALLED

The Fort Dearborn Banks of Chicago have recently installed a medical department for the benefit of their 400 employees. Two of the faculty of the Rush Medical School are in charge of this work, one physician to act as consultant, the other to spend one or two hours daily at the bank in addition to a graduate nurse. Any employee taken ill or suffering an injury while at work will receive immediate medical attention.

H. E. OTTE RETURNS FROM WESTERN TRIP

H. E. Otte, vice-president of The National City Bank of Chicago, who has recently returned from a month spent in southern California and along the Western Coast, is very optimistic as to business conditions in the southern part of the country and reports that there is everywhere a strong demand for money.

He also said: "Los Angeles and Pasadena are crowded with tourists from every part of the country and it would seem that a large portion of Chicago's population is wintering there."

DEATH OF GEORGE B. SMITH

The Continental and Commercial National Bank of Chicago has announced with deep sorrow the death of its vice-president, George B. Smith.

CELEBRATES ANNIVERSARY WEEK

The National City Bank of Chicago recently celebrated its twelfth anniversary, having been established on February 5, 1907. The deposits of the Bank have shown a continued and satisfactory growth, as follows:

Close of December 31, 1908....	$ 6,201,815
Close of December 31, 1911....	27,524,223
Close of December 31, 1915....	31,573,915
Close of December 31, 1919....	37,413,939

During the first year they had but one department—that of commercial banking. During 1908 the bond department was opened and the National City was the first national bank in Chicago to establish a trust department and savings department under the provisions of the Federal Reserve Act. They also have at the present time a thriving foreign exchange department and now are equipped to handle every branch



There are two times when you need an account with the Commerce

1st: When you have surplus funds

2nd: When you haven't

When you have surplus funds, you need a safe place to deposit. Our invested capital for your protection is fourteen and one-half million dollars.

When you haven't surplus funds, you sometimes need a place to borrow. Our resources are over $95,000,000 —and making loans is part of our business.

The National Bank of Commerce

IN ST. LOUIS

of banking. The savings department of the National City, opened in 1914, numbers more than fifteen thousand depositors. The officers of this bank are men widely known in the financial field: David R. Forgan, H. E. Otte and F. A. Crandall are probably known to every banker in this country.

LAWSON M. WATTS

Lawson M. Watts has been added to the staff of the First National Bank in St. Louis, as special representative to travel in the states of Tennessee, Mississippi, Alabama, Arkansas, Louisiana and other southeastern states. Mr. Watts is the son of F. O. Watts, president of the bank, and was born in Tennessee, having received his education at Washington University, St. Louis. His father farmed him out to the First National Bank of Helena, Ark., on the theory that the country bank is the best place for a young man to get his foundation if he expects to make banking a profession. After two years at Helena, Mr. Lawson accepted a position with the Manchester Bank in St. Louis, and was holding this position when he was appointed a state bank examiner for Missouri. In June, 1917, he entered the French army and served in the transport department until he was transferred to the U. S. army in October of the same year. February, 1919, he returned to the State Banking Department as an examiner and recently resigned this position to become associated with his father's bank.

TRUST DEPARTMENT EARNS BIG FEE

The trust department of the National Bank of Commerce in St. Louis, one of the first to be organized under the Federal Reserve Act, will receive $134,664.38 as its fee for being one of the three executors of the estate of the late John T. Milliken. The Milliken estate is said to be the largest ever placed in the hands of a corporate executor in Missouri.

PRICE TENDENCIES FOLLOWING WARS

James S. Baley, manager of the department of analysis and statistics of the National Bank of the Republic, Chicago, Illinois, recently talked before the Credit

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Formerly First & Security National Bank **Capital and Surplus $10,000,000**

Men's Associations of Fond du Lac and Green Bay, Wisconsin on "The History of Commodity Prices Following Wars."

In his talk he brought out the various economic tendencies influencing prices not only during the world war, but the Civil War and earlier hostilities, even going back as far as the English Civil War of 1642. He pointed out some of the remarkable similarities of price fluctuations following all wars, as well as the contrasts due to differing conditions. The statistics he presented showed that prices have invariably declined subsequent to wars, usually toward the end of two years although the normal level has sometimes not been reached till as late as 13 years after, as in the Civil War.

The figures were illuminating notwithstanding the unprecedented world conditions today. Mr. Baley urged his audience to provide liberal reserves in their business against future uncertainties and explained the commendable efforts of the banks of the country to curb speculation. The talk in both cities called forth an interesting discussion of the labor, foreign trade, production, and similar absorbing and important problems, which bankers and business men everywhere are just now thinking about and endeavoring to solve.



JAMES S. BALEY
Manager Department of Analysis and Statistics
National Bank of the Republic, Chicago, Ill.

MISSISSIPPI VALLEY TRUST COMPANY ELECTS OFFICERS

Guy C. Philips, who is in charge of relations with out-of-town banks for the Mississippi Valley Trust Company, was elected a vice-president at a regular meeting of the company's board, held last month.

Mr. Philips entered the out-of-town banking department of the trust company as Arkansas representative in 1917, and was elected assistant executive officer last year.

Mr. Philips was a resident of Arkansas for many years and for five years before becoming connected with the Mississippi Valley Trust Company he was a bank examiner for that state. He has been a banker throughout his business life.

T. J. Kavanaugh, former credit manager of the company, was also elected a vice-president. He has been connected with the company since 1906, first as secretary to the president and later as credit manager

and head of the New Business Department. He is nationally known as the author of "Essentials in the Granting of Bank Credits."

Oliver G. Hanson, who has been assistant safe deposit officer for the last year, has been elected safe deposit officer. He has been with the company since 1911.

Charles G. Cobb leaves the post of assistant farm loan officer to become manager of the savings department. His connection with the company dates from 1917.

O. A. Rowland, formerly assistant credit manager of the company, was elected credit manager to fill the vacancy created by T. J. Kavanaugh's promotion to a vice-presidency. Mr. Rowland has been with the company since 1903 and became assistant credit manager last year.

A new officer was added to the company's staff by the selection of Oliver B. Henry to the post of assistant bond officer. Mr. Henry has been with the company since 1909. He first served in the publicity department and for the last two years has been office manager of the bond department.

Another new officer is Joseph A. Rouveyrol, who has been elected an assistant secretary. He has been chief clerk of the financial department since 1918 and previous to that was a teller, his connection with the company dating since 1905.

As now constituted, the Mississippi Valley Trust Company's official staff includes: Julius S. Walsh, chairman of the board; Breckinridge Jones, president; William G. Lackey, vice-president; Frederick Vierling, vice-president and trust officer; J. Sheppard Smith, vice-president; William M. Fitch, vice-president and farm loan officer; Hord Hardin, vice-president; John R. Longmire, vice-president and bond officer; Guy C. Philips, vice-president; Thomas J. Kavanaugh, vice-president; James E. Brock, secretary; Henry C. Ibbotson, assistant secretary; C. Hunt Turner, Jr., assistant secretary; Edwin J. Kropp, assistant secretary; Robert W. Fisher, assistant secretary; James A. Weaver, assistant secretary; Frank C. Ball, assistant secretary; Joseph A. Rouveyrol, assistant secretary; A. H. Roudebush, assistant trust officer and counsel; Jesse H. Keebaugh, assistant trust officer; Fred A. Gissler, assistant trust officer; Cecil A. Tolin, assistant trust officer; John P. Sweeney, assistant bond officer; Oliver B. Henry, assistant bond officer; George Kingsland, real estate officer; Orville Grove, assistant real estate officer; Oliver G. Hanson, safe deposit officer; Walton W. Steele, assistant farm loan officer; O. A. Rowland, credit manager; Charles G. Cobb, savings manager; G. Prather Knapp, publicity manager.

CONDITION OF OHIO STATE BANKS

The returns as of December 31, 1919, of the corporated and unincorporated banks of Ohio, just compiled, show resources of over one billion two hundred and eighty seven million dollars, exceeding by nearly one hundred million dollars the greatest amount reported during a period of one year. This is the largest gain in the history of Ohio state banks. The increase for the five years from 1914 to 1919 was over 631 million or 96.2 per cent., as compared with 414 million or 70.6 per cent. as shown by the National Banks of Ohio, for the same period.

Deposits on December 31 were reported at $1,110,768,606, showing an increase of approximately 200 million dollars for the year. This increase in deposit liabilities of state banks for the five-year period from 1914 to 1919 amounted to 557 million dollars or over 100 per cent. In the eight largest cities of the state, the ratio of increase reported was 53.5 per cent., in Akron; Cleveland 30 per cent.; Toledo 25.3 per cent; Cincinnati 14.9 per cent; Canton 11.9 per cent; Columbus 8.2 per cent; and Dayton 5.4 per cent. The banks of Youngstown show a decrease for the year of 7 per cent. The incorporated banks of above cities show an increase of approximately 151 million dollars or 25 per cent. for the past year.

ROYCE E. WRIGHT

Royce E. Wright, efficiency and research director of the Chicago office, Curtis Publishing Co., has been appointed manager of the commercial service department of the First Wisconsin National Bank, to succeed Willits Pollock.

Mr. Wright is well known in Milwaukee. In 1917 and 1918 he served as efficiency clerk for the city service commission, but resigned to become a lieutenant-colonel in the ordnance department at Washington.

Mr. Wright installed a city and county accounting system and assisted in a survey of Denver schools while in charge of the Colorado Taxpayers' Protective League.

CITY NATIONAL BANK, CLINTON, IOWA MAKES CHANGES

Recently the City National Bank of Clinton, Iowa, made changes in its list of officers. Alfred G. Smith, formerly presi-

dent, was made chairman of the board. Alfred C. Smith was elected president. He had formerly been vice-president and cashier and is a member of the executive council of the American Bankers Association. G. M. Curtis and H. W. Seaman were made vice-president. O. P. Petty, formerly of the Farmers National Bank of Prophetstown, Illinois, was made cashier. J. H. Nissen and H. C. Kramer were appointed assistant cashiers.

WISCONSIN BANK CELEBRATES 45TH ANNIVERSARY

The Marathon County Bank of Wausau, Wis., celebrates this year the 45th anniversary of its organization. From 1875 to 1920 its resources have increased from $46,000 to $1,400,000 and its capital from $25,000 to $100,000. Deposits have increased from $18,300 to $1,250,000.

Officers of this bank are as follows: Chairman of the board, Charles W. Harger; president, Walter Alexander; vice-president, B. F. Wilson; cashier, Harry C. Berger; directors, W. B. Schofield and M. C. Ewing.

A. E. COLEGROVE IN BANK ADVERTISING

A. E. Colegrove has recently been appointed director of publicity of the First National Bank and First Trust & Deposit Company, Cleveland. He was formerly advertising manager of the Baker Motor Vehicle Company.

WISCONSIN STATE BANKS

On December 31, 1919, the total resources of all of the state banks under the supervision of the State Banking Department of Wisconsin amounted to $483,650,281.36, which is an increase since November 17, 1919, of $23,131,195.84. On the same date the total capital stock paid in amounted to $28,977,050.00. Surplus amounted to $10,460,529.15 and undivided profits to $6,194,440.95. Individual deposits subject to check amounted to $149,373,076.99, an increase of $627,751.84 over the return of November 17, 1919.

IOWA STATE BANKS

The total resources of the banking institutions under the control of the Iowa State Banking Department amounted on December 31, 1919, to $773,131,678.67, which is an increase of $34,934,205.50 as compared with November 17, 1919, and an increase of $53,809,583.68 as compared with March 4, 1919. The average reserve in all banks on December 31, 1919, was 16.8 per cent.

WILLITS POLLOCK PROMOTED

Willits Pollock, manager of the commercial service department of the First Wisconsin National Bank and First Wisconsin Trust Company, has been appointed vice-president of the Second Ward Securities Company, which was organized to take care of the investment banking department of the Second Ward Savings Bank.

Mr. Pollock established the commercial service department of the First Wisconsin Bank and Trust Company and has done effective work as its manager.

THE CENTRAL STATES BANK OFFICERS CONFERENCE

The conference of the presidents, vice-presidents and secretaries of the Bankers Associations of the Central States was held in Chicago, March 9 and 10. Secretary Warner, of Iowa, is president of the conference. "Round table" discussions were the important feature of the sessions.

Write for information about prize contest now being conducted by The Bankers Magazine.

CONTEST EDITOR
BANKERS MAGAZINE
253 Broadway
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Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By Samuel Sosland

NATURE'S assistance on a more generous scale than that of the last month or two is needed by the Western states. Kansas, Nebraska and Oklahoma, need more moisture than they have received in recent months for their winter wheat fields and for the extensive area which they have arranged to seed to spring crops. In Montana and Wyoming, too, more moisture is needed. Nature has co-operated generously with the Western states as a whole the past month by providing moderate temperatures, which permitted the saving of thousands of dollars in feeding live stock, but precipitation has been inadequate. There is ample time yet for sufficient rain or snow to insure favorable agricultural and live stock conditions, but each day that passes without moisture tends to increase nervousness. The condition of the winter wheat plant is only fair, due to the lack of moisture.

Activity continues to mark general business in the Western states, although there is evidence that conservatism is growing on account of the influence of the adverse foreign exchange situation and the condition of stringency in money markets. Bankers are exerting an influence for conservatism. But it is more obvious today than even a month ago that, so far as plans for crop production are concerned, this spring will witness no diminution in activities of farmers as compared with a year ago. Every branch of business connected closely with the work of seeding crops is exceptionally active. Open weather has stimulated seeding in Oklahoma and Kansas, and in the northern portion of the Western tier of states more plowing has been done for spring crops, according to the most recent advices, than ever before.

While producers are laying or preparing to lay the foundation for possibly unprecedented harvests of spring cereals, there is noticeable a growing tendency to slacken in live stock production. In view of the fact that cattle and hogs are fully $4 per hundredweight lower than a year ago, with some grades of cattle as much as $5 per hundredweight off, live stock producers are far more active than the average observer would normally expect. Real surprise is manifest, for example, over the fact that buyers of stocker and feeder cattle in small lots on the Kansas City stock yards are paying practically as much for thin stockers and for feeding cattle as packers are bidding per hundredweight for fed steers. It is not unusual to find buyers of feeding cattle outbidding packers for short-fed offerings suitable either for immediate slaughter or for a further finish in feedlots. Commission interests in the live stock trade do not as a whole approve of the policy of paying as much for unfinished cattle as packers are giving for fed stock, but the supply of grass in prospect is stimulating the small carload buyers. At this time a year ago a premium of as much as $1 per hundredweight was being paid for stock pigs over the market price of fat hogs, due to a keen desire to finish the immature porkers, but today, owing to pessimistic statements of packers as to the export pork outlook, the stock pigs are at a discount of about 75 cents under fat hogs. High prices continue on sheep and lambs, but there is more conservatism among feeders and breeders. Mules are still selling at the highest level in history, with $300 to $400 per head common prices on the better grades. Horses make a better showing than a year ago. The trade in horses and mules is being stimulated by buying for spring work on farms.

One of the most notable phases of business in the Western states at this season is almost at a standstill. This is the contracting of cattle on ranges in the Southwest, particularly Texas, to go to Kansas and Oklahoma for summer pasturing. The graziers are refusing to give more than $100 a head for aged steers, while the Texas holders are asking $115 to $120 a head. A year ago sales were around $140 a head. The influence of the large stock yards banking institutions in the contracting of cattle on ranges for summer pasturing is great, so there is a difference between the spirit of the large operators and the small carlot

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Temporary telephone—Murray Hill 2097

buyers on the Kansas City, Omaha and other stock yards of the West.

Practically no cattle are moving eastward from the Pacific Coast states to Kansas City, Omaha and other markets, owing largely to drouth in California. This movement was of considerable volume a year ago. With improvement in pasturage conditions, it is expected that Wyoming and Montana will draw stockers out of the Southwest late this spring, including some which those states rushed into Texas and New Mexico in 1919, on account of drouth ravages.

Mills in wheat districts are inactive, lower prices for wheat having checked buying of flour. Shipping directions on old orders are coming so slowly that grinding operations are being restricted. The movement of wheat continues in excess of last year. It is being stimulated by tightness of money and the fact that the government guarantee of $2.18 a bushel for No. 1 hard winter, basis Kansas City, expires May 31. The movement of hay continues of enormous volume. The supply of corn is proving more liberal than expected. Oats are in light supply. Advices as to export trade in flour and cereals, which is vital to prices, are somewhat more encouraging.

The oil industry leads in enthusiasm. A spurt of 50 cents a barrel in the price of crude oil, to $3.50 a barrel, means an addition of millions to the income of producers monthly. The present price of Mid-Continent crude oil is $1.25 higher per barrel than a year ago, and compares with a price as low as 40 cents a barrel in 1915. Drilling operations are expanding, and new districts are being invaded by producers. The failure of refined petroleum products to follow the upturns in crude thus far are embarrassing to many small refiners.

Lessened activity is noted in the lumber business. Favorable weather in the yellow pine districts has increased production and discouragement to some building plans because of higher money rates has affected demand to a degree. The Pacific Coast has been offering lumber relatively lower than the yellow pine interests. As there is a serious shortage of housing facilities. lumber producers continue to manifest confidence in a great demand at high prices. Present quotations show moderate recessions from the record figures of a month ago.

Mining activities vary. The lead and zinc and coal producers are reporting a large output and good markets. Silver mining is being intensified in Colorado. The

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Total Resources . . $43,000,000

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copper producers report a large output, but their markets continue unsatisfactory.

Merchandise distributors, wholesale and retail, display a disposition to carry lighter stocks. The purchasing power of the laborers and a majority of the other classes in this territory shows no decrease, although it is felt that the peak has been reached in this connection. The purchasing power of live stock producers is not equal to that of a year ago.

Gratification is manifest over the return of railroads to private ownership. It is hoped that this will be followed by improvement in the railroad service rendered to grain, live stock, milling, lumber and other industries, which have been seriously affected in the last year by inadequate transportation facilities. Lack of cars is still felt.

Annual March farm land settlements and the approaching income tax payments are adding to the strain on money markets. Oklahoma appears to be in the most comfortable position, having sold her cotton and wheat early. Bankers of Oklahoma are buying outside commercial paper, and expansion in the capital of banking institutions is reported more frequently there than in any other state. Kansas is still borrowing. The large number of farm land sales of the past year did not result in as much pressure on money markets at the opening of March as anticipated, owing to the fact that many of these trades were between local farmers. Confidence still prevails in heavy liquidation of loans and improvement in the money situation as soon as railroad facilities improve.



CONDITION OF MONTANA BANKS

An abstract of the condition of 280 state banks, 8 private banks and 142 national banks of Montana on December 31, 1919, shows total resources of $130,270,796,31, an increase of $3,091,776.10 over the November 17, 1919 figures.

Deposits of state and private banks aggregated $107,567,531, an increase of $2,900,253 since November 17. Total reserves were $27,667,730 being $16,135,129 over and above the 15 per cent. required.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska.

ECONOMIC CONDITIONS ON PACIFIC COAST

LIGHT money played a leading role in Pacific Coast business affairs when the Federal Reserve Bank raised its rediscount rates on February 2. The increasing price of bank credit was not long in making itself felt in the security markets, and some of the largest and wealthiest cities in the Twelfth Federal Reserve District found it extremely difficult to sell new bonds.

The prolonged drought, but recently broken by good rains, has hung a grim menace over the farmers, canners, packers and hydro-electric companies of California. Up to Washington's birthday the season was the driest in 40 years. The hydro-electric situation is still acute and there is some prospect of the Railroad Commission curtailing non-essential use of power. It appears that crops have not suffered materially to date, but more rains must be had if the out-turn is to approach anything like last year's amazing total. Recent estimates show that this state shipped out $375,000,000 of canned and preserved fruits alone in 1919, as against $200,000,000 in 1918 and $165,000,000 in 1917.

Oregon and Washington have enjoyed a liberal winter precipitation and the agricultural and livestock outlook there is quite satisfactory. The wheat acreage will not be as large as last year. The northern wheat growers are now organizing and propose eventually to evolve a National Wheat Exchange, of which the Inland Empire group will form a unit. The Inland Empire produces in the neighborhood of 60,000,000 bushels of wheat a year, although last year's crop ran above those figures.

Range conditions in Oregon and Arizona have been most satisfactory, whereas, prior to the recent rains, California was threatened with a wholesale exodus of livestock.

If the Weyerhausers wanted to start something in lumber by their recent announcement, they chose the right method. The impression which got abroad, however, was not a correct one. The Weyerhausers did not reduce their prices on Idaho white pine below the prevailing market. They simply reduced their quotations to the general level. But their announcement started reverberations through the pine woods that had far-reaching effects. The big mills on Puget Sound and along the North Pacific Coast cut their prices on merchantable fir for export $5 per M. The base price f.o.b. the mills for domestic shipment is around $30 per M at present. A peak of $32, basis price, was reached early in February after the most sensational series of advances in the history of the Coast industry. The rise began in mid-summer and continued with barely a pause until shortly after the first of the year. In April, 1919, fir lumber

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sold in Southern California at $22 per M at wholesale, which is equivalent to about a $13 basis at the mills. The lumber industry, like that of steel, is usually a feast or a famine. Coast mills operated at a big loss during the first six months of 1919, and to some extent during the first nine months of that year. A drastic car shortage combined with a big middle western demand in the fall and winter sent prices skyward. Lumbermen think that the business is now on a healthier basis than for months past. Demand is good, cars are more plentiful and hysterical buying has ceased. Some further recession in prices seems probable though mill men say the low prices of last spring are not likely to recur soon.

TAXES CUT DEPOSITS

Eight of San Francisco's nine national banks, reporting condition, as of February 28, showed sharp declines in deposits. The decline, however, represented only the customary seasonal fluctuation, which is expected at this time of the year. Tax dates in California are seldom coincident with swollen deposits.

Total resources of the eight banks (one not having completed its compilations at this writing) were $466,557,734. Total deposits were $300,928,520, as compared with $345,618,586 on December 31, 1919.

Deposits of the eight follow:

	Feb. 28, 1920	Dec. 31, 1919
American	$17,337,416	$18,765,879
Anglo & London Paris	81,116,972	92,022,975
Crocker	33,760,755	40,108,922
First National	28,188,511	33,578,576
Merchants	9,044,978	9,469,963
Seaboard	3,623,268	4,227,142
Wells Fargo Nevada.	55,487,325	64,227,142
Nat. Bank of Calif...	72,369,295	83,217,987
	$300,928,520	$345,618,586

Directors of the Federal Reserve Bank of San Francisco are scheduled to meet on March 16, when they are expected to take some action on the question of raising rediscount rates on paper, secured by U. S. certificates of indebtedness, in conformity with recent increases in other districts. This is regarded here as a matter of small consequence when compared to the action taken in early February.

Otherwise money and credit conditions have displayed little change during the past month. Recent rains and the approach of spring have done much to overcome the recent wave of pessimism, which following Horace Greeley's advice, spread westward from New York.

PROGRESS WITH MERGER

Satisfactory progress is reported with the forthcoming merger of the Savings Union Bank and Trust Company of San Francisco with the Mercantile National and the Mercantile Trust Co. The probable name of the new institution will be the Mercantile Trust Company. The combination will give the institution total resources of about $70,000,000.

John D. McKee, president of the Mercantile National Bank, will become chairman of the board, and John S. Drum, head of the Savings Union will become president of the new institution. R. B. Burmeister will be vice-president and cashier, and R. M. Sims, trust officer.

FORTY-NINTH ANNIVERSARY

The Security Savings Bank of San Francisco celebrated its 49th anniversary on March 2. S. Waldo Coleman, who recently bought the Babcock holdings in the bank, was elected president. After 49 years as a purely savings institution, the bank is opening a commercial department. Young business men are invited to make use of the department, and "build there credit with us." This bank has very strong affiliations.

I. B. A. GROUP FORMED

A California group of the Investment Bankers Association, has been formed in San Francisco. John W. Edminson, vice-president, William R. Staats Co., was chosen chairman; Dean Witter, of Blyth, Witter & Co., vice-chairman; C. A. Miller, of Girvin & Miller, secretary-treasurer.

Other members of an executive committee of seven follow:

Geo. C. Stephens, of Stephens & Co.; H. S. Boone, vice-president, the National City Company; Donald O'Melveny, manager of E. H. Rollins' Sons' Los Angeles office; and R. H. Moulton, of R. H. Moulton & Co.

GUARANTY BANK CLUB ORGANIZED

Plans for the organization of a club to consist of members of the staff of the Guaranty Trust and Savings Bank of Los Angeles, Cal., have reached maturity in the establishment of the Guaranty Bank Club with the following officers:

President, Dane Andrews; First Vice-President, J. O. Bishop; Second Vice-

President, James B. Gray; Secretary, Miss J. M. Parker; Treasurer, F. A. Stearns.

J. ALLEN PALMER

J. Allen Palmer, the newly appointed manager of the foreign exchange department of the Bank of Italy, is well fitted by heredity, training and experience to fill this important post. He was born in Chicago, Illinois, and was educated in England, Germany and France. His initial experience in the banking world was with the branch of the Société Générale at Dieppe, France. Later he returned to America and held various clerical positions with the Commercial National Bank of Chicago, Fort Dearborn National Bank and the National City Bank of Chicago, principally in the foreign exchange departments of these institutions. In 1915 he went to New York city to take a position with the National City Bank, where he spent some years in the foreign exchange department of that institution, handling commercial export credits. After this experience in the head office, he was sent to the branch of the National City Bank at Port-au-Prince, Haiti. In June, 1917, following the Russian Revolution, he joined the staff of the Petrograd branch of the same bank. After many exciting experiences, this institution was obliged to suspend operations in Russia and was compelled to close its branches at Moscow and Petrograd. Mr. Palmer was fortunate in being able to escape from Soviet Russia and was ordered to report at Genoa, where the National City Bank has a branch. He was under orders to leave Italy for Zurich, Switzerland, in connection with the opening of the new branch which the National City Bank intends to establish there, when he received an invitation to return to the United States and assume the responsibilities of managership of the foreign exchange department of the Bank of Italy. He had been studying the progress of that institution and its rapid growth and development induced him to accept. He believes in the larger possibilities of the Pacific Coast and in the future of the Bank of Italy as an international banking institution.

SCANDINAVIAN-AMERICAN APPOINTMENTS

At the annual meeting of the Scandinavian-American Bank of Seattle held recently, Ralph S. Stacy, heretofore president of the National Bank of Tacoma, was elected president to succeed J. E. Chilberg. At the same meeting W. E. Hanson, formerly assistant to the president and a director of the institution, resigned and the position of assistant to the president was abolished. Perry Polson and J. P. Weter were elected to the vacancies on the board caused by the resignations of Mr. Chilberg and Mr. Hanson.

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DEATH OF J. A. YEOMANS

With profound sorrow the old National Bank of Spokane has announced the death of J. A. Yeomans on February 24. Mr. Yeomans, who was vice-president of the bank, had been associated with it over a period of twenty-five years.

BUSINESS CONDITIONS IN SOUTHERN IDAHO

The Boise City National Bank has issued an interesting pamphlet giving a general summary of business conditions in Southern Idaho.

Canada

ECONOMIC CONDITIONS IN CANADA

By J. W. Tyson

THE forecast of action on the part of Canadian Government—made here a month ago—to reduce imports of American goods, as a method of correcting exchange has been followed by the announcement from Ottawa that the restriction of purchases will be enforced probably along the lines of the schedules adopted by the War Trade Board a couple of years ago. The government has taken a step further, too, in placing a restriction upon the sale to Canadian investors of securities held in England and on investments in American securities. This, however, is obviously aimed at the liquidation from England which is being encouraged by the high value of the Canadian dollar as against the British pound rather than at investment in the United States in regard to which exchange is providing a natural handicap; besides there is no effort to stop investment on margin in American stocks.

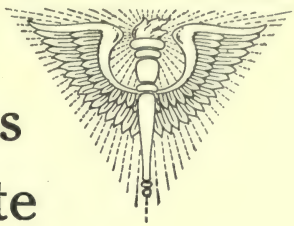
The policy of the government announced by Sir Henry Drayton, Minister of Finance, after securing the by no means unanimous support of the bond dealers and brokers, is generally accepted in financial circles as being the result of pressure brought to bear by the banks—in fact first reports that such a course was being contemplated followed a conference between representatives of the Government and the Canadian Bankers Association. It is justified on the grounds that millions of capital have been absorbed by the securities markets in taking up stocks and bonds held outside of Canada which have been liquidated because of the advantage offered by exchange. This it is feared will prove too heavy a strain upon a young country like Canada in a period of readjustment with an era of new development to follow. The requirements of domestic trade and industry are heavy, particularly in view of the high cost of commodities, and, with prospects for a renewal of immigration, there will undoubtedly be a renewal of demands for farm loans and for funds for municipal improvements. In brief, the contention is that it will be better to discourage the repayment of standing debts than to float new loans at prevailing rates.

From the standpoint of Canada's position in international trade and finance, however, there is serious doubt as to the ultimate advantage of the employment of embargoes in the restriction of buying and investing as affecting other countries. Such measures would be justified under war conditions it is admitted but it is seriously questioned if economic laws can be evaded by postponing what many regard as the the eventual consequences of the conditions prevailing and the experiences through which the country has passed. The Financial Post, for instance, under the heading, "Living in Our Own Back Yard," points out that any temporary benefits of such arrangements may well be lost in the future in the weakening of international prestige. The failure to sustain Victory Bond prices is mentioned as an example of the ineffectiveness of such measures.

Those who look to Canada's relations with the United States to solve the country's financial requirements during that indefinite period when Europe will be using all available funds for her own needs fear the consequences of the embargo against imports, while practical business men recognize the difficulties of the government—previously experienced in carrying out War Trade Board suggestions—in deciding what may be classed as luxuries. If Canada at this time, when the United States is beginning to feel the need for export demand, shuts her door, it is argued that American capital is not so likely to be made really available. Canada can claim consideration as a "best customer" only so long as she continues as such. The exchange rate in addition to the protective tariff is already providing a pretty high barrier against buying in the United States and if this is not sufficient it is argued that the exchange rate will go still higher, providing a logical economic remedy. On the same basis it is contended that if Canada can liquidate her debts to England at a discount it is sound economics to do so even though it should be necessary to continue the policy



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The Collins Service

PHILADELPHIA PENNSYLVANIA

of retrenchment as regards industrial and municipal and other development for the time being, unless funds can be secured on a satisfactory basis from some other source.

A decrease of about $82,000,000 in demand deposits in Canadian banks—to $621,000,000—shown by the bank statement to the end of January, coupled with an increase of nearly $20,000,000 in current loans—to $1,227,000,000—indicates expansion in business credits which may be regarded significantly in view of the efforts to curtail liquidation of securities held abroad. Current loans are being carefully watched by the nation's leading bankers. They are regarded as the point in the financial fabric where pressure may be expected in the event of that readjustment which now seems to be indicated by the fact that prices have evidently reached the top point from which a recession may be looked for. If commodity values are readjusted bankers will have to watch their loans carefully and the position taken is that at such a time the country's financial resources should be conserved to the needs of domestic business. The reduction in demand deposits, however, should not be considered as representing other than a seasonable trade development, there having been a reduction in the same account of $87,000,000 during January of 1919.

Savings deposits during the month increased by $25,000,000 and were $173,000,000 higher than a year ago, so that total deposits although lower than a month before, were over $170,000,000 more than twelve months previous.

The reduction of gross assets of $134,000,000 during December was followed by another contraction of $53,000,000. The Government further reduced its obligations to the banks by taking up short term securities to the extent of $22,700,000. Holdings of Dominion notes were reduced by $8,000,000 and the gold reserve by $22,600,000. Balances in British banks were higher by $12,000,000 and in foreign banks lower by about the same figure.

With the Government's announcement of embargoes on foreign securities came a readjustment of the values of Canada's War and Victory Bond issues. The market for these securities has been stabilized through a committee which absorbed offerings and disposed of them when demand warranted. However, the effectiveness of this method has been undermined by the offerings of railway and industrial, municipal and other bonds held abroad. The new and old prices to the public compare as follows:

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Our Review of Financial, Commercial, Industrial and Economic Conditions Issued Every Two Weeks Sent Upon Request

Maturing	Price	Interest	Yielding	Old Price
1922—	$ 99	and interest	5.85	100 1/8
1923—	99	and interest	5.80	100 1/8
1927—	100	and interest	5.50	101 3/8
1933—	100	and interest	5.50	102 3/8
1937—	101	and interest	5.41	104 3/8
1924—	$97.50	and interest	6.10	100
1934—	$97	and interest	5.80	100

At the same time the dealers' margin was increased from a half to a full point as against sellers with the exception of the 24's and 34's on which the full point previously prevailed.

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PRICES IN MARCH

Thrift Stamps for twenty-five cents.

$5 Government Savings Stamps for . . . $4.14

$100 Treasury Savings Certificates for . $82.80

$1000 Treasury Savings Certificates for . $828.00

For Sale at Banks and Post Offices

Government Loan Organization

Second Federal Reserve District

120 Broadway New York

ROYAL BANK OPENS FOREIGN BRANCHES

The Royal Bank of Canada has announced the opening of branches at Santos and Sao Paulo, Brazil. With a branch at Rio de Janeiro, this bank is now established at three points in Brazil.

THE BANK OF TORONTO

The annual general meeting of the stockholders of the Bank of Toronto was held January 14, 1920. At that time net profits for the year ending November 29, 1919, were announced as $1,011,359.09, to which must be added the balance carried forward from last year amounting to $625,623.94, making a total of $1,636,983.03 which was appropriated as follows:

To four quarterly dividends of 3 per cent. each	$600,000.00
Reserved for Federal Tax	100,000.00
To Officers' Pension Fund	25,000.00
To Y. M. C. A. Navy League and other subscriptions	18,000.00
Written off Bank Premises	100,000.00
To next account	793,983.03

Total resources of the Bank of Toronto on November 29, 1919, amounted to $109,285,118.55. The bank has branches throughout Canada and agents and correspondents throughout the world.

An idea of the growth of the bank may be obtained from the recital of the fact that assets have increased from $1,268,413 in 1857 to $109,285,118 in 1919. Deposits have increased from $263,100 in 1857 to $86,712,997 in 1919. Capital and reserved funds have increased from $439,148 in 1857 to $11,793,983 in 1919.

In The Great Northwest

Bankers and business men anxious to obtain accurate and exact information concerning credit data, industrial possibilities and a general knowledge relative to the Pacific Northwest will find a comprehensive, reliable and complete service here.

Our increase in deposits during the last two years is nearly $4,000,000.00

Scandinavian American Bank

Pacific Avenue at Eleventh Street. Tacoma

A New Money Handling System

A NEW machine for handling money has been devised which is said to possess the following advantages:

a) Money is counted and folded by a bonded clerk in and out of banking hours.
b) This saves valuable time and nerves of the paying teller, who is thereby enabled to handle more transactions without a long waiting line of customers.
c) Errors are practically impossible as all containers are checked and sealed before being placed in the cabinet.
d) The system provides an automatic check on total money paid out.
e) Cash balance is instantly available by reverse series numbering.
f) It has distinct sanitary advantages.
g) Daylight "holdups" are practically impossible.

The paying teller of any bank counts the money he is about to pay out two or three times in order to avoid errors. As he is personally responsible for all errors in counting, this sense of responsibility creates a great nerve strain, which in turn reacts on his general efficiency and accuracy.

The time required in handling such transactions and the accuracy of the count add to the inconvenience of the customers, who at times must be marshaled in long waiting lines at the teller's window. This delay is often quite as irksome to the customer as it is to the teller.

Change making devices for handling fractional currency and coins made up into rolls of specified amounts for convenient handling are already in general use, but no attempt has heretofore been made to provide means for handling paper money with the same degree of facility.

The money handling system herein described provides for a systematic arrangement and accessibility not only of bills of any denomination, but in any desired amounts and combinations and the rapid paying out with the least chance of error.

As shown in the illustration, the apparatus consists of a teller's counter with window. This counter encloses a number of narrow drawer sections which contain compartments in which the bills are placed. The money to be dispensed is contained in perforated connected paper holders which are placed in their respective compartments of the counter. For each compartment there is a corresponding slot in the top of the counter to which the money is automatically fed.

Since the United States currency is based upon what is known as the 1, 2, 5 system, i. e., the bills are $1, $2, $5, $10, $20, $50, $100, etc., the most convenient arrangement for the slots is as

per illustration, which, of course, may be changed to suit individual cases.

The rows of slots are marked vertically to show denominations of bills and horizontally (directly under slots) to show respective amounts contained in each folder, making it possible to give each customer the required amount in bills of any denomination desired. As shown there are seven slots and compartments for $1 bills, the respective folders of which contain 1 bill, 2 bills, 5 bills, 10 bills, 20 bills, 50 bills, 100 bills. There are five slots for $5 bills, each folder containing $5, $10, $20, $50, $100, respectively, and again a folder of $100 in different denominations may be withdrawn from six different compartments.

If $200 or $500 in $1 bills is desired two or five folders from the same slot are withdrawn. This arrangement of the slots is so simple that it is understood at a glance and requires no experience.

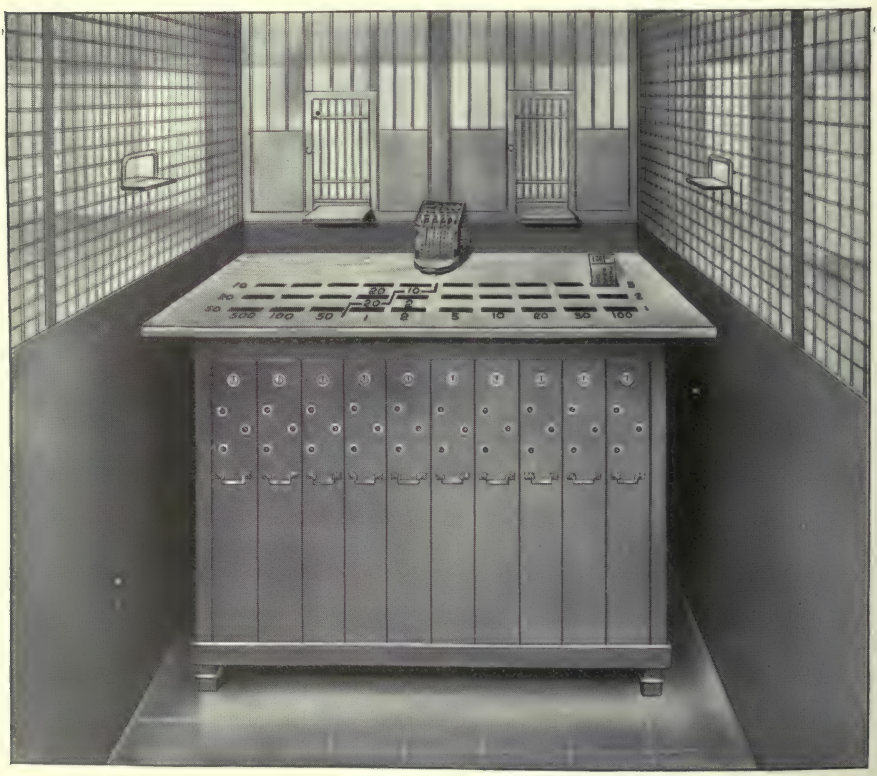
FOLDERS

The money is placed in the folders by a bonded clerk, who seals them and delivers them to the teller.

Whenever a compartment becomes empty it can be quickly refilled from the stock of sealed folders in the vault. The full capacity of the counter is about one million dollars, and it is therefore not likely to require refilling during the banking hours.

AUTOMATIC RECORD OR INVENTORY

The printed matter on each folder or envelope specifies, in addition to the name of the bank (and other pertinent matter) the exact amount and denomination of the enclosed bills. It also specifies the serial number of each connected folder and the amount of



A new money handling machine which possesses many advantages described in the accompanying article

Banks Use the PHOTOSTAT

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With Speed — Absolute Accuracy — Low Cost

In the Administrative Department—
Reports, Ledger Pages, Signature Cards, Checks

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In the Trust Department—
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Each package of containers holds a given amount of money, the total of which is printed on the first envelope, and as the numbers differ consecutively by an amount equal to the contents of the individual envelope, this reverse numbering series affords an automatic inventory of the remaining contents of a compartment. At the close of business or any time, the entire contents of the cabinet may be obtained without the necessity of counting the individual bills or containers.

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The "daylight hold-up" man would have a poor chance to make his "touch" and "getaway" because all money is out of sight and under Yale lock and key. It would take more time than he would be willing to allow to get any considerable amount of money through the slots, and besides the motor could be switched off from one or several places in the bank so as to make it impossible to get any of the containers out of their compartments.

A coin tray may be placed conveniently on the top of the counter or in a side drawer, and if necessary separate slots and compartments may be added to handle coin packages automatically.

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By adding ball-bearing fibre or cushion-tired wheels the entire cabinet may be easily and noiselessly stored in the vault outside of banking hours or the separate drawers may be withdrawn and placed on an omnibus and wheeled to the vault.

Cabinets are made of hard wood or steel plates in standard sizes, and patterns may be built to order to suit any special counter or working conditions.

In addition to the type described herein a hand-operated type is also made. This latter type consists of trays or a long drawer containing the necessary compartments and slots for withdrawing one folder at a time with two fingers and providing the direct and reverse numbering series for automatic record and inventory.

All types are covered by basic patents.



The Teller's Influence

THE tellers have a wide influence on the bank's success. Instances have come to light in many cities where tactless tellers have driven business away from the bank. It is not enough, therefore, that the officers have the right attitude toward the customers of the institution, but the men at the wickets must be equally careful. And it is possible to so inculcate the spirit of courtesy among our tellers that it uniformly will attract customers. And this, too, without having it become patronizing.

A grouch has no place in our institution. Our success has been due chiefly to our treatment of customers inside the bank. We have instilled into our tellers the necessity of always considering the pleasure of the customer above their own personal interests. Our policy, which has resulted in a vast increase in business in a few years, has been and still is: "The front of the counter must come first." In other words, the right kind of service must be given to customers at our various windows. If any time is lost or if any interruptions come up they must be at the expense of our time and not the customers. Not only has this influenced business favorably, but it has actually raised the standard of the work behind the counter. The tellers, trained in this more perfect method of serving customers, have learned to handle their own routine work more satisfactorily. So that, after all, there has been no loss of time in the aggregate because depositors have received better attention.

Let us therefore continue this policy of courtesy which has made the good will of our institution.

J. A. EDWARDS in *The Teller*.

THE
BANKERS MAGAZINE
ELMER H. YOUNGMAN, Editor
SEVENTY-FOURTH YEAR APRIL 1920 VOLUME C, NO. 4

United States Not to Enter the League of Nations

BY the final rejection of the Treaty of Versailles, including the League of Nations Covenant, the Senate has refused its assent to the plan for linking up the United States with the other leading nations for the declared purpose of preserving the world's peace.

While there was some objection to the main provisions of the Treaty itself, the real opposition centered around the League of Nations project, and the defeat of the Treaty must be in the main ascribed to a disposition to regard the League of Nations as too serious a departure from the country's traditional policies regarding foreign affairs. As the long-drawn controversy approached its close, the struggle largely lost its early partisan character. Very little is to be gained by questioning the motives of those who voted against the Treaty even after the reservations had been adopted. Many of them followed the lead of the President, and no doubt sincerely believed that too much had been surrendered. Those who insisted on the Lodge reservations were quite sincere in doing so, for they thought these reservations necessary to protect the interests of the United States. Some of those who voted for these reservations and then voted against the ratification of the Treaty, must have done so because of objection to certain terms included in the Treaty itself.

If the country remains satisfied with the rejection of the Treaty, it must be chiefly on the belief that the League of Nations proposal committed us to a larger share in world affairs than we wish to take. Of course, either before or after the elections next fall, the whole subject may be revived again.

Probably the important and strange proposals to which the League of Nations committed the United States were chiefly responsible for the Treaty's rejection by the Senate, but lack of tact and want of conciliation by the Executive must bear a full share of the responsibility.

Some Issues of the Coming Campaign

UNTIL the conventions of the great political parties have met and the declarations of the issues have been duly set forth in the platforms, it is not easy to forecast the lines on which our next great quadrennial political battle will be fought. One might safely begin to forecast these issues in a negative way by the process of elimination. First the tariff could be safely cast out. Imagine trying in these pursy times to arouse sympathy for our "infant industries." These babies have grown so big and fat that they certainly are not in any present danger from the competition of European manufactories. And if anybody would have the effrontery seriously to propose that the American wage-earner at present needs protection, he would instantly be overwhelmed by shouts of derisive laughter. This, of course, quite aside from the merits of the protective policy itself.

But just now, at least, our workmen and our industries are not in such need of a protective tariff as to make the tariff a live issue in the next campaign.

Nor will there be a contest on the money question like that of 1896. Silver has gone above the legal ratio to gold, and the course of metallic production and respective values have so changed as to remove some of the grounds of contention which formerly existed between the partisans of silver and those who believed in gold. The banking and currency question may figure incidentally in the campaign; but of that presently something more will be said. May not the "wet" and "dry" question also be relegated to the limbo of *faits accomplis?* Is not the eighteenth amendment to the Constitution, which abolished the liquor traffic, as firmly fixed as a part of the country's organic law as the Thirteenth Amendment, which abolished slavery? It is rather expected that those who hope to restore the saloon, or even "light wines and beer," will have a hard time of it. Revolutions rarely go backwards.

Nor can we reasonably look for a controversy over woman suffrage, for both parties now favor it, and at this time an amendment to the Federal Constitution extending it to all the States needs only the vote of another State legislature to make it effective.

Doubtless a little more reflection would bring to mind several other matters once regarded as burning issues which no longer arouse even a languid interest among the voters.

The unexpected may again happen, as it usually does; but as matters look now, the League of Nations Covenant will be submitted to the "great and solemn referendum," of which the President spoke some time ago. And yet, if one may possibly disentangle the true meaning of the Senate's votes on the various reservations, neither the Republicans nor Democrats approve the kind of

League of Nations which the President wants. He may, of course, hope that the people will take a different view of the matter.

Questions that will almost surely thrust themselves forward for determination next fall are sure to include the following:

The growth of executive power; economy in public expenditures, involving taxation and a more efficient conduct of Government business; railroad policies; profiteering; the general relations between "labor and capital," and the incidental rights of the public.

It may turn out that some or all of these domestic questions will be largely or wholly obscured by the League of Nations issue. As to this no intelligent forecast can be made until the President has shown his hand in the matter. Will he accept the Senate's action as finally disposing of the question; will he try to patch up a compromise, or will he conclude to accept the Lodge reservations? Upon the answer to these questions depends the probability of the League of Nations becoming the major issue in the campaign.

What about the Federal Reserve Act? Will the Republican platform and candidate remain silent in regard to this measure as they did in 1916, while the Democratic platform and those high in the councils of that party were extravagantly praising the act?

The Democrats can justly lay claim to the service which the Federal Reserve Act rendered during the war. They will doubtless claim that without its help the war financing would have been impossible and that bank failures would probably have been numerous. Republican grounds of criticism would have to be limited to the inflationary tendencies of that provision of the law which reduced reserves and required all legal reserves to be lent to the Federal Reserve Banks, to the concentration of financial power, and especially the placing of the direction of the system in the hands of a politically-constituted board appointed by the President of the United States.

The obvious rejoinder of the Democratic party to these criticisms will be, "What did you do for comprehensive banking legislation when you were entrusted with power?"

To this the Republicans can reply that they passed the Aldrich-Vreeland emergency currency act and appointed a National Monetary Commission.

In 1916 the Republican leaders were stone deaf to all appeals to say anything about the Federal Reserve Act. Either they regarded it as being so perfect as to be impervious to attack, or thought the best thing to do was to say nothing whatever about the subject. At that time the measure had not been in operation long enough to decide, from the standpoint of experience, what were its essential merits and defects. Now the case is different, although perhaps the actual operations of the system as they would appear in ordinary times are still much obscured by the effect of the unusual expedients

which the exigencies of war rendered imperatively necessary. But the potential and actual inflation which the Federal Reserve Act permits, the character of the Federal Reserve notes—Government obligations which may be used as reserves for state banks—and the concentration of financial power, these are some grounds upon which valid criticism may be based.

Of course, should profiteering be an issue in the campaign, the Federal Reserve Banks which are earning approximately 100 per cent. must come in for condemnation.

Criticism of the Federal Reserve Act that has no more legitimate basis than the making of political capital is to be deprecated. The only object of criticism of the measure should be its improvement.

Conceivably, with so many other issues engaging the public interest, but little if any attention may be paid in the campaign to the Federal Reserve Act. And yet it is believed that there are inflationary tendencies in the system which are gradually working out their ill effects. But the Republican party can gain no credit among thinking people for simply pointing out these tendencies. It must show exactly how it proposes to cure them if entrusted with the power to do so.

Call Loan Rate not Usurious

IN response to a resolution of inquiry by the United States Senate relating to the high rates on call loans, Governor Harding, of the Federal Reserve Board, has pointed out in a recently-published letter that these as charged in New York, are not usurious. In his letter Governor Harding says:

"The only financial center in this country in which there is maintained a call money market of national importance is New York city and while the rates charged there on call loans are frequently in excess of the legal rates allowed for commercial paper they are not 'usurious' under the laws of the State of New York, which specifically exempt collateral call loans from the six per cent. limitation which lenders must observe on other loans on pain of incurring the penalty prescribed for usury.

"Section 115 of the Banking Law provides that upon advances of money repayable on demand to an amount not less than $5,000 made upon warehouse receipts, bills of lading, certificates of stock, etc., or other negotiable instruments as collateral, any bank may receive and collect as compensation any sum which may be agreed upon by the parties to such transaction."

The actual statutes applicable to such loans made by banks and trust companies are then quoted.

Governor Harding next points out that national banks may receive and charge any rate allowed by the State loans, and discusses briefly the causes of rates above those fixed by the usury laws. On this point he says:

"As to the 'cause and justification' of the high rates of interest which it thus appears may legally be charged on collateral call loans in New York and as to the 'steps required to abate this condition,' there is, as is well known, a wide difference of opinion among persons who have given thought and study to the question.

"Indeed, broad and fundamental questions of general economic and social policy are involved; in the last analysis the whole question of the utility of speculative dealings in securities and commodities on organized exchanges is involved, and, more immediately, the question of the method and practices of the leading speculative markets of the country, margining, stock manipulation and kindred matters also are susceptible of abuse.

"As to these the Board has never had occasion officially to form an opinion; the Federal Reserve Act specifically precludes the purchase or discount by Federal Reserve Banks of 'notes, drafts or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds or other investment security, except bonds and notes of the Government of the United States.'

"The Board could not undertake to form a judgment upon the matters above referred to without study and investigation of such a comprehensive nature as would seriously interfere with the conduct of its regular work and which, had the Board the requisite authority, would require the services of experts and assistants for the employment of which the Board does not feel authorized to expend funds accruing from statutory assessments on the Federal Reserve banks, for the purpose of defraying the ordinary expenses contemplated by the Federal Reserve Act."

Accompanying the letter from which the above extracts are taken is considerable further information respecting call loan operations. The changes which have taken place in these operations since the adoption of the Federal Reserve Act are thus referred to:

"In former times, and specifically prior to the institution of the Federal Reserve system, bankers, especially in reserve centers, were accustomed to look upon call loans as their principal secondary reserve, on the theory that inasmuch as those loans were payable upon demand funds so invested could always be promptly obtained on short notice to meet withdrawals of deposits or for other use. In these circumstances there was ordinarily available for collateral call loans a supply of funds sufficient for ordinary market requirements, and at low rates, although at times the rates rose to high levels and the supply of funds diminished or the demands increased.

"This attitude of the banks toward call loans as their chief

secondary reserve has been greatly modified by two causes. The first was the closing of the stock exchange at the outbreak of the European war in the summer of 1914, when it became practically impossible to realize on call loans secured by investment security, which became, therefore, 'frozen loans.'

"This resulted in a more or less permanent prejudice against dependence upon call loans as secondary reserves. The second and more important factor was the creation of the Federal Reserve system. Under the terms of the Federal Reserve Act provision is made for the rediscount of commercial paper, but the rediscount of loans for the purpose of carrying investment security, other than U. S. Government obligations, is excluded. Consequently, in order to maintain maximum liquidity, with suitable provision for secondary reserves that can be immediately availed of, banks, including foreign agency banks, now invest a greater proportion of their resources in assets that can be realized upon at the Federal Reserve Bank.

"Another changed factor in the present situation grows out of the fact that the war and post-war conditions have rendered unavailable supplies of money which formerly came from foreign banks. Since the summer of 1914, while total banking resources have largely increased, the volume of bank money available to the security market at low or normal rates has not increased proportionately, but, on the contrary, has decreased. All of these circumstances explain in some measure the increased rates which have often been required during the past year for money loaned in the security market."

Has the most important point of this matter been missed in the Senate resolution, viewing the matter from the standpoint of public policy?

If speculation is a bad thing, which seems to be assumed in this resolution, why should there be any dissatisfaction because the speculators are obliged to pay a high rate for the bank credit employed in their operations?

Would not a more material objection be found in the lower rates which generally rule on call loans compared with the discount and interest rates usually paid for funds employed in ordinary commercial purposes. True enough these rates are generally limited by law so that they do not go so high as the point occasionally reached on call loans, but ordinarily rates on loans of the latter class are at a much lower rate than those of the former class. This is not due to a disposition on the part of the banks to favor loans for speculation, but may be explained by the fact that the call loans are exceptionally well secured and are payable on demand.

As Governor Harding points out, the call loan market has declined very much in importance since the passage of the Federal

Reserve Act. But the banks of New York especially still find it a most convenient and perhaps necessary part of their financial operations.

Of course, the attraction of a high rate of interest on loans well secured and payable on demand, may tend to draw money away from commercial channels to those of speculation. But, as intimated above, the high rate operates of itself to restrain the speculative use of bank credit. Generally the call rate does not range above the commercial rate. When it occasionally soars to a dizzy height it may be regarded as an indication that the banks are attempting to impose a salutary check on speculation.

The Gold Import Movement

IMPORTATIONS of gold into this country from London began about the end of March and promise to continue until quite a large amount of the metal has been transferred to this side of the ocean. Whether they will in the aggregate be large enough to offset altogether the net gold exports of last year and those of the early months of the present year remains to be seen, though it can hardly be expected that the present movement will reach so large an amount.

For the turning of the gold tide in this direction the exchange rates offer a sufficient explanation, although the depreciation in sterling hardly accounts for these shipments. Gold is being sent, perhaps, more with a view to providing for the maturity of the Anglo-French loan next fall than for the purpose of correcting the erratic course of the pound sterling in this market.

If these recent importations of gold do not supply the void made by exportations of the metal from this country, they will have little or no effect in expanding our credit structure beyond what it was before these exports took place, although they will tend to prevent that degree of credit curtailment which many thought desirable. On the surface it looks very much as if gold were coming in at one door and going out at the other.

The effects of large gold exports from London as these effects relate to European currency and credit are an entirely different matter. There is general agreement among banking authorities that the paper money of Europe should be reduced. But few would propose to effect this reduction by first diminishing the already relatively small gold stock. It is not contended that Europe has too much money, but too much paper. The result of gold exports will be to weaken the metallic support of this large volume of paper

currency, unless there should be a reduction of it corresponding to the amount of gold sent out of the country.

Balancing the effects of the present gold movement in our direction, the conclusion can hardly be escaped that our need of the metal was much less urgent here than it was abroad, and the question naturally arises as to whether in requiring gold at this time we have acted in the wisest manner and have quite played up to the opportunities which our new rôle of international bankers affords.

Fortunately, the gold imports have some compensating advantages to counterbalance the considerations just mentioned. They will tend to relieve a somewhat constricted local money and credit situation, exert a favorable influence on the sterling exchange rate, and will serve an especially good purpose in making plain that Great Britain has both the disposition and ability to pay what she owes—something that might have been recognized without such costly proof as the exportation of gold to America under present circumstances. But, at any rate, nothing is so surely calculated to wring admiration and respect from your creditor as prompt payment according to the terms of the contract, however harsh these may be and however difficult it may be to comply with them. Whether the admiration of the debtor for his creditor who exacts payment under such conditions is equally strong—there, again, is another story.

Under normal conditions American bankers would no doubt be ready to renew a maturing British loan, just as the London bankers have often renewed loans made on this side. But conditions are far from normal, and some recent events on the Continent of Europe have tended to undermine confidence in the general credit situation on that side of the water. That Great Britain should courageously export a large amount of gold under such conditions ought to lead quite strongly toward a restoration of confidence—something much to be desired.

A New Mark for Political Opprobrium

STUDENTS of American banking history have been both amazed and amused at the political distrust of bankers which crops up at various times and in odd and diverse ways. Down in Texas, for a long while, there was such distrust of state banks that the constitution prohibited them altogether. In Illinois the constitution still requires a popular referendum on all banking legislation. Playing on this prejudice, the sponsors of the Federal Reserve Act first worked up a great agitation against the "money trust," composed, of course, of big bankers, and then set out to slay this monster.

But with the passing of the new law, and since nothing was further to be gained from a political standpoint by arousing a hostile public attitude toward the bankers, but little is heard in these days to their discredit. Yet the old disposition to hold the banker responsible for something the politicians do not like still persists. Only now the ogre is the international bankers, not those engaged in domestic banking transactions. In reality it always was a hard job for the politicians to succeed in their denunciations of bankers. They were generally careful to exempt the bankers of their particular locality or state from the severe criticisms lodged against the bankers of the great money centers, and especially against those of Wall Street. It was nearly always safe to excoriate Wall Street, for nobody ever knew exactly what the term meant. It was an effective generalization, however, covering whatever iniquity might be attributed to the banking and financial interests of the country. As to the local banker, he was known to nearly everybody as a conscientious and upright man, prominent in all good works, helpful to legitimate enterprise, and noted for his just dealings with his fellow men.

Now that the Wall Street ghost has been laid, as supposed, by the Federal Reserve Law, a new object of denunciation must be found by those who regard bankers and financiers as the diabolical agencies, behind all the world's sinister activities. The new Frankenstein is the international banker. He is charged with a willingness to sacrifice the independence of the United States, through adoption of the League of Nations, because of the loans he has made or expects to make to Europe and other countries of diminished credit responsibility. Strangely enough, no one seems at all disturbed by the inconsistency of this charge. The international bankers have been said to be the chief instigators of war as a means of enhancing their profits. Now it is declared that they are abetting a League of Nations, whose main object is to prevent war, for the same reason. Is this because they are subtle enough to discern that the League of Nations would in reality act as an inciter of war?

As a matter of fact the political antagonism which it is sought to arouse against the international banker probably has no more legitimate basis than that heretofore created against the bankers of the country as a class. Bankers, international and otherwise, differ about the League of Nations as they do about other things. It would be easy to show that many of the most preferred declarations in favor of this new international instrumentality have come from religious organizations and from rural communities. Bankers do not seem to have made much, if any, organized effort to have the Senate approve the League of Nations compact.

If foreign trade is not to languish or to be dispensed with altogether, the international banker will continue to be a necessity.

His services are needed in facilitating such trade just as are the services of domestic bankers in carrying on the home trade. And this service of the international banker benefits the farmer, the manufacturer, the laborer and the merchant. To find fault with international bankers because of the nature of their business is quite as reasonable as it would be to denounce the ocean cable and steamship because they facilitate communication with other parts of the world.

An Echo of Debt Repudiation

THE early history of American banking contains many interesting phases, one of which is brought to light in the annual report of the Corporation of Foreign Bondholders, published a short time ago in London. This report criticises, according to its annual custom, the default of some of the Southern states in the matter of certain of their obligations, and goes on to say:

"It is indeed regrettable that those states of a nation whose credit leads the world should allow their obligations to continue in default and refuse to listen to appeals from their creditors. The council would be glad to hear what arguments can possibly be adduced in extenuation of the conduct of Mississippi in repudiating the payment of its loans of 1831 and 1833, which were duly authorized by the state Legislature and were issued at a high price in this country.

"The state invested the proceeds in the establishment of two banks, and so long as they prospered Mississippi paid the bondholders, but when the banks ceased to be profitable the state not only suspended payment but actually repudiated its debt. Such a step has not been taken even by so backward a country as Honduras."

According to "Knox's History of Banking in the United States," which gives an extended account of the transaction referred to, there was some grounds for the statement that the state suspended payment and repudiated the debt when the experiment with these early real estate banks proved a failure, as so many of them did. On this point "Knox's History" says:

"The banking scheme was adopted as a means of developing the resources of the state. At its inception it was sustained and thought well of by all. When, through mismanagement, greed and perhaps fraud, it failed, then the majority who had approved the inception of the plan tried to throw off their responsibility, because by the very nature of the scheme it had offered opportunities to a grasping minority of which they had not hesitated to avail themselves."

In 1842 a select committee of the Mississippi Legislature was appointed to investigate the matter, and made a report in which it was said that the people of the state had taken a stand similar to that occupied by Washington, Jefferson and Franklin and a host of worthies who struggled through the gloomy revolutionary period, and further stated:

"They are not controlled by selfish or mercenary motives. The low and groveling consideration of dollars and cents has nothing to do with the merits of the question. Their honest obligations they will fulfill should they have to divest themselves of the comforts and necessities of life to do so. Higher and holier motives than mere pecuniary considerations actuate them. They have determined that they will never submit to an invasion of their constitution by either a foreign or domestic foe. The rights secured to them under that sacred instrument they will maintain at all hazards; and, relying on the correctness of their principles and the justice of their cause, they will with confidence and cheerfulness submit to the verdict of posterity."

As may be inferred from the above statement the validity of the state's obligation was raised on the ground that in issuing the bonds a provision in the state constitution had not been complied with, a contention which was subsequently upset by judicial decisions sustaining the constitutionality of the bonds and declaring them to be binding obligations of the state. The Legislature took no action looking to the payment of the bonds, and finally a constitutional amendment was passed forbidding their payment.

It is rather a curious fact that in reference to the Federal Farm Loan bonds, our most recent experiment with real estate banking, though of a different type from the early Mississippi venture, some difference of opinion exists as to whether or not these bonds are instrumentalities of the United States. No one supposes that these obligations will ever be repudiated, though it might be well to have the uncertainty referred to cleared up by legislature.

The Federal Reserve Banks and Matrimony

OBSERVERS of bureaucratic activities have long noticed the tendency of Government agencies of various kinds to expand their respective spheres of influence. One of the latest examples of this sort is afforded by the announcement of the circulation by a book of rules for the Federal Reserve Bank of Chicago, containing this regulation in regard to matrimony:

"No male employee receiving less than $125 a month salary

will be permitted to marry while in the service of the bank without taking the matter up with the chief clerk."

Presumably this is but another evidence of the Federal Government's paternal care for the welfare of its children, and not an indication of stony-heartedness. Manifestly, when the authorities of the bank in question find two hearts beating as one, the salary of the male clerk concerned will be at once advanced to the required amount to render him matrimonially eligible. As the Federal Reserve Banks are now earning around 100 per cent. on their capital, they will gladly forego some of this profit in order to facilitate the union of hearts and of hands.

Doubtless the other bank employees in Chicago will expect their salaries to be similarly increased under like circumstances. For the clerk who wishes to marry and who finds his salary too small, and efforts to increase it without avail, there are the alternatives of waiting, and of looking for another job.

The regulation in question is justifiable, both in the interest of the banks and their employees. In these days of high cost of living, the taking on of financial burdens which may prove beyond one's strength is unwise for anybody, and more especially for one carrying the serious responsibilities of a bank employee.

The Financial Aspects of the German Indemnity

By Ivan Wright

THE amount of the indemnity has not been calculated. The Reparation Commission is responsible for this task, and is required to make known to the German Government the extent of Germany's obligations on or before May 1, 1921.[1] The territorial, political, reparational, financial and economic clauses of the Peace Treaty are so far-reaching and overlapping in their provisions that it would be difficult to draw an exact line of demarcation between what is financial and what is not. However, for the purposes of this discussion we shall consider the financial aspects of the indemnity as any payments which are contemplated in "funds." By funds we mean cash or the proceeds of property sold or which may be sold in the markets whether for cash or credit and which will influence the money market. A complete study of the indemnity from this point of view would include numerous details, but we shall consider only the points of dominating importance—the sum of the actual payments stipulated in the Peace Treaty and Armistice agreements; Germany's ability to make these payments; how she will make them, and the effect on world markets.

PAYMENTS

Germany's financial obligations are briefly set forth in article 233 of the Treaty as follows:[2]

> The Allied and Associated Governments, however, require, and Germany undertakes, that she will make compensation for all damage done to the civilian population of the Allied and Associated Powers and to their property during the period of the belligerency of each as an Allied or Associated power against Germany by such aggression by land, by sea, and from the air, and in general all damages as defined in Annex I hereto.

Annex I obligates Germany for damages done to civilians and dependents of the Allied and Associated Powers and their property by acts of war; for the maltreatment of prisoners and others and their dependents; the present value of pensions for victims of war and their dependents; the costs to the Allied and Associated Powers for assistance to prisoners and their dependents; allowances by the Allied and Associated Powers to the families and dependents of mobilized persons; for forced labor without just compensation; and for levies and fines and similar exactions imposed by Germany or her Allies upon civilian populations.

Also, as a consequence of the violation of the Treaty of 1839, Germany undertakes to reimburse Belgium for all sums which Belgium has borrowed from the Allied and Associated Governments (about $700,000,000) up to November 11, 1918, with interest at five per cent. per annum. The Reparation Commission will determine the amount and the form of the special issue of bearer bonds which Germany will make for the payment of this sum on or before May 1, 1926.[4]

For the purpose of settling Germany's obligations, "a first charge" is made "upon all the assets and revenues of the German Empire and its constituent states," subject to exception approved by the Reparation Commission.[5]

By way of security and acknowledgment of her debt Germany will hand over to the Reparation Commission, as provided in the Treaty, Art. 235, a first installment of gold bearer bonds free of all taxes and charges of every description, now and in the future. These

1. Treaty, Part VIII, Art. 233.
2. Ibid, 232.
3. Treaty, Reparation Clauses, Part VIII, Art. 232.
4. Ibid.
5. Treaty, Financial Clauses, Art. 248.

bonds[6] are payable on account as follows:[7]

20,000,000,000 gold marks payable by May 1, 1921.[8]

40,000,000,000 gold marks at 2½ per cent. from 1921 to 1926 and thereafter at 5 per cent., with one per cent. additional for amortization.

40,000,000,000 marks at five per cent. to be liquidated as determined by the Reparation Commission.

Further issues as the Commission subsequently determines.

The principal indemnity payments which will actually be made may be considered as for (1) restoration; (2) damages done civilians and civilian property, and (3) pensions. This is eliminating financial losses of astonishing sums. But, in time, many debts will be forgotten, the old sores will heal over, and through "international sympathy" many claims will be canceled.

RESTORATION[9]

The restoration of the invaded areas will be a great drain on Germany's productive resources, but it is the first step necessary for the financial reconstruction of the devastated territories. In part satisfaction of her obligations Germany undertakes to devote her economic resources directly to the physical restoration of the invaded areas to the extent determined by the Allied and Associated Powers.

All articles, animals and objects of every description which have been seized, consumed or destroyed are to be restored or due compensation made therefor. If the governments desire, materials (stone, brick, tile, cement, steel, wood, glass, etc.), machinery, heating apparatus, furniture and like articles shall be produced in Germany to reconstruct the invaded areas. In so far as it is possible to identify cash, animals, securities, and objects of every sort which have been seized, sequestered, or taken away shall be restored.

In compliance with the terms of the Treaty Germany undertakes to deliver in equal monthly installments in three months following the coming into force of the Treaty the following livestock:

To Belgium:

200	stallions;
5,000	mares;
5,000	fillies;
2,000	bulls;
50,000	milch cows;
40,000	heifers;
200	rams;
20,000	sheep;
15,000	sows.

To France:

500	stallions;
30,000	fillies;
2,000	bulls;
90,000	milch cows;
1,000	rams;
100,000	sheep;
10,000	goats.

These deliveries of livestock, machinery, and other agricultural equipment will greatly impair the productive power of Germany and stimulate the recuperation of French and Belgian production.

DAMAGES TO PERSONS AND PROPERTY

Among the first considerations for which the indemnity payments will be distributed will be for damages[10] done civilians and their property; maltreatment of prisoners; present value of pensions for victims of war and their dependents; allowances to the families and dependents of mobilized persons; forced labor without just compensation, and levies and fines and similar exactions imposed upon civilian populations by Germany or her Allies.

6. Gold marks are payable at the option of the creditor in pounds sterling, London; gold dollars, New York; gold francs, Paris; or gold lire, Rome, and of the legal weight and fineness of gold Jan. 1, 1914. Treaty, Financial Clauses, Art. 262.

7. Treaty, Reparation Clauses, An. II, 12c, 1, 2, 3.

8. Germany will be credited with the first installment of 20,000,000,000 gold marks minus the expense of the armies of occupation after Nov. 11, 1918, and the necessary payments for foodstuffs and raw materials to enable Germany to meet her reparation obligations.

9. Treaty, Part VIII, An. IV.

10. Treaty, Part VIII, An. I.

Just how much the bill for damages will be can only be estimated by those who have had an opportunity to know thoroughly the situation. Professor A. A. Young,[11] American economist at the Peace Conference, places the sums due for damages done civilians and civilian property at about twenty to twenty-five billion dollars, and for pensions a bill nearly as large. Of course, many damages will be forgotten, others will go unindemnified, and a correct money valuation cannot be placed upon such as the loss of life; destruction of property; loss of economic efficiency and prestige; the lowering of the normal standard of consumption; the disarrangement of world commerce, and the runaway price régime.

The total direct burden of the war is estimated at about $185,000,000,000.[12] Of this amount $140,000,000,000 is stated as the total direct monetary cost and the remainder of this almost incredible sum is the probable cost of restoration and pensions.

Professor E. L. Bogart[13] calculates the total direct cost at $186,333,637,097, and the total indirect cost at $151,612,542,560, and finds a grand total of $337,946,179,657.

If the indemnity payments amount to $50,000,000,000, the unpaid, according to Professor Bogart's figures, will be $136,333,000,000 of the direct costs and $151,612,000,000, or the whole, of the indirect costs. This is almost an unthinkable burden to be borne by the Allied and Associated Powers and the neutrals. Were it possible to extract the last farthing from Germany no one would question the justice of the act; but Germany cannot pay any more than she has ability to pay, no matter how guilty she is. It is not possible for her to make a direct payment of more than a small fraction of fifty billions, and a sum any where near this amount will tax her to the utmost limit of her resources for many years. The maximum period for paying the indemnity is thirty years, but if the sum is fixed at anything like fifty billion dollars it is doubtful whether a complete settlement will be made in double the maximum time set.

GERMANY'S ABILITY TO PAY

The ability of Germany to create a "favorable balance" of trade is fairly destroyed by the great economic losses she has been compelled to accept. Among the principal losses which have weakened Germany's ability to make foreign payments may be mentioned valuable agricultural districts; coal, iron and other supplies of raw material; disorganized domestic industries; complete annihilation of her foreign industrial and business organizations; her disorganized commercial system; the loss of valuable tariff rights and harbors, and the giving up of her merchants ships.

LOSS OF AGRICULTURAL DISTRICTS

Germany's agricultural losses are tremendous. In the first place, badly as she needs agricultural equipment, she will hand over to France and Belgium a portion of her present working capital, as has already been pointed out. Secondly, the territory ceded and the foreign colonies over which she resigns sovereignty have cut off valuable agricultural supplies which Germany will be compelled to import for the nourishment of her people, thus increasing her adverse balance of trade. If Germany had maintained control over her colonies a portion of the hungry and overflowing population of the "Vaterland" could have emigrated to these colonies and have assisted in supplying the home people with the primary necessities of life. But she can draw only from the productive resources of Germany proper. Whatever needs she has that cannot be satisfied within her own borders must be satisfied through commodities bought in the competitive markets of the world.

11. "The Practical Basis of Germany's Bill," by Professor A. A. Young in the New York Sunday "Times" Supplement, Aug. 10, 1919.

12. Ibid.

13. "Direct and Indirect Costs of the Great World War," by Professor E. L. Bogart; published by the Carnegie Endowment for International Peace. No. 24, p. 299.

THE COAL SITUATION IN GERMANY

Coal has been one of Germany's most important articles. Anthracite coal is the foundation of German industry. The extent of her iron, chemical and refining activities depends on anthracite. Coal has also been one of Germany's chief bargaining assets with her neutral neighbors—Switzerland and Holland. During the war the neutral need of coal was the cudgel which Germany held over the heads of little nations that had to have it.

Germany was peculiarly favored with coal deposits. Her three great producing areas—the Saar Valley, the Ruhr district and Silesia—produced 190,000,000 tons of anthracite and 87,000,000 of brown coal in 1913.

The Peace Treaty was a decisive blow at the German coal power. It cut off almost the whole output of the Saar Valley. Upper Silesia with sixty-five German mines had an average yearly output of fifty million tons of coal. This region has been in a turmoil of political and industrial unrest which has greatly reduced the output of coal. However, if the plebiscite[14] is decided in favor of Poland Germany will lose these mines. That leaves the Ruhr as the only reliable coal fields of importance left in Germany. In 1914 the Ruhr produced an average of 394,000 tons daily. In addition to the losses of mines, Germany will deliver annually to France, Belgium and Italy several million tons of coal.[15]

The reduction of the German coal power is a hard blow at German industry. All Germany's skill, ingenuity and resourcefulness will not succeed without fuel to drive the flywheels of industry.

Germany will have a very difficult problem to surmount the coal situation. The area of her coal mines has been materially reduced; about one-third or more of her coal supply has been taken away; she is responsible for large deliveries to foreign countries (France, Belgium and Italy); and the productivity of the German mining laborers is dissipated by idleness and shorter days. Another great handicap to the production of the German coal mines is the depleted equipment and lack of rolling stock. Under the conditions of the Armistice, Germany was compelled to turn over a large number of locomotives and cars to the Allies, and she lost an immense amount of railway equipment in Poland, Bulgaria and Russia.

14. Treaty, Part III, Sec. VIII, An. I.
15. Ibid, Part VIII, An. V.

THE IRON INDUSTRY

Germany's iron industry has been more completely taken away from her than the coal supply. She still has vast unexplored coal deposits. But with iron it is not so. The iron mines are gone, and Germany has no unexplored deposits worthy of note. The Peace Treaty, in just retribution for the crimes done in France and Belgium, wiped out almost the whole of the iron industry. Iron plays a very important part in the industrial progress of any nation, but Germany's iron situation is one of hopelessness and despair.

Prior to the war Germany's iron and steel industries and their development were a marvel of modern expansion, and it is a "nice" piece of history to observe that it was almost entirely made possible by the annexation of Alsace-Lorraine in 1871. With the exception of the Lake Superior district, the Lorraine fields, including the famous Briey and Longwy basins, form the richest mining area in the world. However, these mines are now restored to France, and they include about half of the German smelters and steel works. Germany's view of her future iron industry is stated pretty well in the August issue of the "German Metal Industry Journal" as follows:

> Manufacturers are finding themselves confronted with keen foreign competition, which is already controlling the iron market of Europe. For the stimulation of our trade a decline of prices would be necessary to place us on an equal footing with the foreign manufacturers. Unfortunately the opposite is taking place, prices advancing from day to day. The Peace Treaty has placed our enemies in a position in which they can fully control our imports, and they are taking full advantage of this condition. We fear that our former foes will flood our

market in such a way that the reconstruction of our interior industry will be very difficult, and in many cases impossible.

Accepting this statement as containing some truth, it is worthy of consideration that the Germans have the skill for handling the iron mines, and the right variety of coking coal, both of which France does not have. Some sort of coöperation between these two interests may be worked out for the mutual benefit of both countries and for the world.

THE DYE INDUSTRY

Before the war dyes were among Germany's best known exports but their future in foreign markets is open to grave doubt. England, France and the United States have become great producers of dyes, and tariff restrictions and prejudices will keep out the German varieties to a large extent. Germany no longer has a monopoly on the dye industries. She may be able to dispose of great quantities of dyes in many countries but she will have to reckon with the competition from America, England and France.

THE POTASH TRUST

The potash monopoly was second only to the German dye monopoly before the war. France has acquired a small portion of the potash field located near Mulhausen in Alsace-Lorraine, but the best beds and the largest portion by far remain the property of Germany. These potash beds are among the chief industrial assets of the country, and potash is the main prop upon which the foreign trade of Germany will have to rest, especially with America. The gross annual business of the potash syndicate aggregates about 400,000,000 marks. Nearly half of the output is exported in normal times. The trust is well intrenched financially and has the most prosperous looking future of any single industry in Germany. The Deutsche Bank is its financial agent and the enterprise will be afforded all the accommodations needed. Two of the greatest handicaps, however, are the high cost of labor and the socialistic government.

GERMANY'S DISORGANIZED DOMESTIC INDUSTRIES

The efficiency and scientific organization of Germany's internal industries reached their climax in the monopolies of the dye and potash trades. But these monopolies have received a stunning blow which will limit their commercial value probably for all time. The coal power has been exploded and France and Poland restored their rightful portion. The iron mines have in the main reverted back to France with Alsace-Lorraine. The textile industries are helpless for want of raw materials. Germany can obtain the needed raw materials only from the Allies, and she has neither the credit nor the goods to exchange for them. It seems that her one outlet is to float loans in neutral countries, and use the proceeds to buy American cotton and other materials she must have to rehabilitate her industries. This problem is made doubly difficult by Germany's adverse balance of trade and the inflated prices of raw materials all over the world. These facts merely indicate the difficulties Germany will have to face in the reorganization of all her domestic industries.

GERMANY'S FOREIGN TRADE

The German foreign trade machine is completely smashed. Not only her good will is gone, but her foreign trade organizations throughout the world, and one of the great obstacles against her recovery is the loss of her mercantile marine. To indicate her losses in foreign business organizations, she "renounces all rights to representation upon or participation in the control or administration of commissions, state banks, agencies or other financial or economic organizations of an international character, exercising power of control or administration, and operating in any of the Allied or Associated States, or in Austria, Hungary, Bulgaria, or Turkey, or in the dependencies

of these states, or in the former Russian Empire."[16]

Valuable sources of revenue are cut off from Germany by the prohibition of "favored nation"[17] clauses with regard to imports, exports, taxes, customs duties or other commercial arrangements except as provided in the Peace Treaty.

This indicates that Germany's manipulation of foreign markets is not likely to be regained. Even the rehabilitation of ordinary commercial exchange will tax the Germans' boast of genius to its utmost ability, and will probably succeed better if tempered with some far-sighted English diplomacy.

GERMANY'S MERCHANT MARINE AND SHIPPING

Germany justly sacrifices her merchant marine[18] in reparation for her U-boat campaign. She will deliver to the Allies all the merchant ships she has of 1,600 tons gross and upward, and half of her shipping between 1,600 and 1,000 tons gross, and one-fourth of her steam trawlers and other fishing boats. She also agrees to build 200,000 tons of shipping annually for the Allies during the next five years.[19] Also, allied shipping is to have equal rights with German shipping in German waters for five years. Shipping from countries like Czechoslovakia which have no seacoast may be registered at German ports. Free transit is allowed through German territories to persons, goods, ships, carriages, and mails from or to any of the Allies or Asociated Powers, and Germany grants such nations full rights in her ports and waterways. The main German rivers—Rhine, Elbe, Oder, and Danube—together with their tributaries, are internationalized.[20] Canals favoring French and Belgian trade must be built. Special rights regarding free ports and railways are assured inland states like Poland while the Kiel canal is to be open to the war and merchant ships of all nations.

Therefore, Germany has litle chance of gaining revenue from her ships and shipping facilities. Rather her import and export trade will be considerable expense, and other nations will naturally favor home business first.

Many other losses might be enumerated. All of these limit Germany s ability to create a favorable balance of trade. But the handicaps mentioned are sufficient to indicate the difficulties she will have to surmount.

HOW GERMANY WILL PAY HER BILL

That Germany will be held for paying a definite sum for reparation, damages done civilians and civilian property, and for pensions and allowances, is a fact settled by the terms of the Treaty. The problem is how can she pay it? These payments have to be made in foreign markets, and such payments are limited to four possibilities: (1) Exportation of gold; (2) drawing upon funds already established in foreign markets; (3) borrowing in foreign countries; and (4) by selling goods or services in foreign markets.

It is impossible for Germany to make payments in gold. In the first place, her present gold supply is inadequate, and all the gold she has would not make an impression on her debts. Also, the exportation of part of her present gold supply would only further unsettle financial conditions in Germany, and lessen her power to make reparation payments wholly out of proportion to the amount of gold exported. Just how Germany will handle some debts which require payment in gold is a problem for the financial genius. Her principal obligations which demand gold are the Turkish loans[21] and the redemption of the German paper currency which is held in large quantities in France, Belgium, Poland and Southeastern Europe. Nothing will improve Germany's financial situation more than importing some gold as soon as it is possible, although

16. Treaty, Part IX.
17. Ibid, Part X.
18. Ibid, Part VIII, An. III, and Part XII, Sec. II.
19. Treaty, Part VIII, An. III and Part XII, Sec. II.
20. Ibid.
21. Treaty, Part IX, Financial Clauses.

her chief need for gold and credit is in foreign markets to enable her to buy raw materials for her industries.

The funds to Germany's credit in foreign money markets are very small, and no doubt her present indebtedness to neutral countries exceeds her credit. Therefore, this is an impossible solution either for her present commercial needs or for paying her indemnity liabilities.

Borrowing in foreign markets is neither feasible nor a solution for the problem even though it were possible. Germany would have some difficulty floating a loan of any size in any country, and it would be almost impossible in the countries which could afford to make loans, as the United States and England. In the second place, borrowing in foreign markets to pay foreign debts only creates one debt to cancel another.

One alternative is left—the sale of services and commodities in foreign markets. This is Germany's only door out, and here are two possibilities: First, things now in foreign countries or that can be transported to foreign markets. Second, commodities produced in Germany in the future, and German services that can be sold in foreign markets. The first of these two classes of things constitutes Germany's cash assets and will have to be relied upon to meet the first installment of the reparation payments. The second class includes German services and commodities which can be sold in foreign markets in the future. This is the source which will have to be relied upon for the future payments of the indemnity.

PAYING THE FIRST REPARATION INSTALLMENT

The first reparation payment is 20,000,000,000 marks or about $5,000,000,000. This sum without interest is to be paid not later than May 1, 1921.[23] Germany's cash assets—things outside of Germany and things that can be moved outside of Germany and sold in foreign markets—constitute her ability to make this payment. Her cash assets include goods and implements which she can restore to Belgium and France; the German property in ceded territories; liquidable German property in all parts of the world; foreign securities held in Germany; goods available for exportation; and salable services.

Since a large part of Germany's property outside of Germany would be useless to anyone except its former owners (for example, German banks and mercantile houses in foreign countries), it is doubtful whether her cash assets will more than pay the first reparation installment. Such a part of this sum ($5,000,000,000) as is required for Germany's economic needs (food and raw materials) and for defraying the expenses of the armies of occupation since Nov. 11, 1918, will be applied for these purposes, and the remainder, which will doubtless be a small sum, will be applied on the reparation payments.[24]

If there is any comparison between the French Indemnity of 1871 and the German indemnity it is in the payment of the first reparation installment.

GERMANY'S FIRST PAYMENT COMPARED WITH THE FRENCH INDEMNITY OF 1871

We have decided that Germany's only possible method of payment is by disposing of her cash assets at home and abroad. To a certain degree (though less complete) this is precisely what France did in 1871-73. The French indemnity was £200,000,000. The actual payments including expenses and interest amounted to £212,645,000, and were settled as follows:[25]

The value of the Alsace-Lorraine railway	£13,000,000
German bank notes and money collected in France	4,201,000
French gold and silver	20,492,000
French bank notes	5,000,000
Bills	169,952,000
Total	£212,645,000

23. Treaty, Part VIII, An. III 12c, I.

24. Treaty, Part VIII, Art. 235.

25. M. Leon Say, Rand's Econ. Hist. p. 331-33.

It is readily observed that only a small portion of the French indemnity was paid in metal. The major portion was paid in bills. But how was France able to get hold of all these bills? The four principal ways were:

(1) By floating two bond issues: the first, two billion francs 82½ 5s, 1871, and the second, three billion francs 84½ 5s, 1873; (2) selling foreign securities held in France; (3) a favorable balance of trade due to improved crops and the revival of French industry; (4) and French thrift and scientific financiering.[26] With the proceeds made available by these means the French Treasury raided the foreign exchange markets, and remitted the purchases to Germany. London soon became the creditor of Berlin and vast shipments of gold were made to settle balances. Bills were delivered to Germany as follows:[27]

	Pounds Sterling
Thalers	99,412,000
Frankfort florins	9,404,000
Marcs-banco	10,608,000
Reichmarcs	3,190,000
Dutch florins	10,020,000
Belgian francs	11,828,000
Pounds sterling	25,490,000
Total of bills	169,952,000

In some such method as the one used by France in 1871 Germany will have to handle the disposition of her cash assets. Floating a bond issue would not help much outside Germany but doubtless some funds can be raised in Germany through Government bonds.

FUTURE PAYMENTS ON THE INDEMNITY

A favorable balance of trade seems to be the only hope for the future annual payments of the indemnity. This means that Germany must export more than she imports by a margin sufficient to pay the installments on the indemnity as they fall due. Can she do this?

Before the war we find that Germany's imports exceeded her exports. The difference was made up of invisible items, as income from foreign investments and the profits of mercantile shipping. Therefore, she must either import less value than she did before the war or export more.

If she can regain her pre-war industrial capacity; turn the energies she has applied in war into the production of economic goods; and continue to live on a war basis, there is a glimpse of hope for her future. By restricting unnecessary consumption and unnecessary imports and rigidly controlling production so as to give priority to exportable products, Germany might create a balance of trade that would surprise the world. However, there are several opposing factors to this theoretical plan for Germany's future payments on the indemnity. Among the principal opposing factors are: (1) The discontent such a plan would arouse in the German people; (2) inability to regain good will and markets abroad for her products; (3) difficulty in reconstructing her industries on an efficiency basis; (4) and the lack of credit to obtain raw materials and equipment which she needs.

There is a limit to the extent that Germany can commandeer labor and capital. After the suppression the German people have endured during the war and throughout their previous history, they are going to demand some freedom in person and property. To suppress this freedom would throttle the promises of democracy. It would also stimulate discontent and Bolshevism and thus unsettle the industrial situation still more. Rather, it seems, Germany had better give more freedom of person and property, and stimulate thrift and the habit of industry.

Before the war Germany's good will in foreign markets was almost unrivaled. A great portion of this marketing asset has been blasted, and some of it can not possibly be regained. Her distributing and selling organizations (banks, commercial houses, etc.) have been dissolved for the most part, and what have not already been swept away will likely be liquidated for paying the

26. The French Indemnity of 1871. Harvard Review of Econ. Statistics, No. 4. Oct., 1919.

27. M. Leon Say, Rand's Econ. Hist. p. 336.

first installment of the indemnity. Her former customers in the western hemisphere do not need Germany's products as they did before the war; her eastern customers have a very limited purchasing power.

Therefore, retrospecting all we have said of Germany's handicapped ability, it is very doubtful whether she will regain her volume of pre-war export trade for many years. She cannot buy the raw materials needed for her industries unless she can create exchange credit in foreign markets through a favorable balance of trade, and since her exports in part depend on her imported raw materials, the problem resolves itself into a vicious circle. The only solution seems to be the extending of commercial credit to Germany by the victorious powers. The nations to which Germany owes an indemnity are also in need of raw materials, but with the exception of potash and coal Germany has little to export.

In order to reconstruct her industries Germany needs new machinery, equipment and raw products. She will have to have, also, a regeneration of the spirit of industry, and quiet the spirit of unrest among her laboring classes.

Germany can rely only on a favorable balance of trade both for her future as an industrial nation and for paying her debt. Her exports must consist largely of potash, coal and whatever manufactured articles she may have to sell abroad. Whether or not she will be able to create a favorable balance of trade of any considerable amount in the near future is open to some doubt. The first installment of the indemnity ($5,000,000,000) payable by 1921 and the Belgian war loans $700,000,000 by 1926 will involve considerable hardship, and retard her efforts to reëstablish her foreign commerce. Also, she is to pay interest at 2½ per cent. on gold bearer bonds for 40,000,000,000 marks ($10,000,000,000) for five years, beginning 1921, and thereafter five per cent. with one per cent. additional for amortization. This will increase her annual payment $250,000,000 for five years and thereafter $600,000,000, and when the Commission is satisfied that Germany is capable of making additional payments, another issue of 40,000,000,000 marks ($10,000,000,000) is to be required, and further issues as the Commission from time to time determines.

It is not likely that Germany will be able to hasten these payments. Her present economic situation as well as the psychological effect of the uncertainties of the indemnity are well stated by Dr. Paul Rohrback:[28]

> It is, therefore, quite out of the question that Germany could plan an active economic campaign abroad, as without foreign support she cannot even avoid a domestic catastrophe. That support must be given in the form of an immediate supply of raw materials and foodstuffs, and by a mitigation of those terms of the Peace Treaty of Versailles which, apart from the present acute distress, tend to paralyze the country's vitality. First among these are the uncertainty as to the amount Germany will have to pay, and the possibility that any Entente Power which should remain lastingly hostile to the German people may interfere in Germany's economic life with negative, obtrusive, and confiscatory measures in carrying out the provisions of the Treaty.

THE INDEMNITY AND WORLD MARKETS

What effect will the indemnity payments have upon the world markets? This is a pretty theoretical question with which to speculate. No one knows what will happen, and past history has little to offer as a comparison with the present situation. As we have seen, France soon overcame the burden of her indemnity 1871-73. The payments did not unsettle the world markets as bankers and financiers predicted. The gold which France paid out soon came back due to her favorable balance of trade.

The German indemnity will probably have proportionally no more effect upon the general markets of the world. The German indemnity is many times larger than the French indemnity was but the markets of the world have expanded many times since 1871. Also the dis-

28. "Can Germany Recover?" by Dr. Paul Rohrback, Berlin, Dec. 23, 1919. "The Review," New York.

tribution of the payments will lessen the effect upon general marketing conditions.

In the long run, Germany will produce those articles from which she can derive the greatest advantage. Foreign countries will buy from Germany those articles which she can produce at a cost which gives her an advantage over other countries. That is, the various countries of the world will find it profitable to specialize in doing those things at which they excel and for which the comparative money cost is lowest. Of course, this natural process of adjustment will be interfered with by the tariff walls of some countries. But in the long run the natural laws will override the artificial laws and the world money markets will adjust themselves so that each country will have its necessary share of the world's gold for carrying on its part in the world trade. This is the inevitable result of natural adjustment which, however, will take a long period of time. But how can countries like Germany, Italy and France with their adverse balances of trade and already impoverished gold supply compete with the Americas where there is an abnormal supply of gold, a favorable balance of trade and high prices? This is a situation which will turn against itself. The countries under what seems to be adverse conditions will be able to produce commodities to the full extent of their capacity at a much lower cost than the Americas in their very favorable situation. The articles which a country can produce at a lower cost than other countries will be demanded from the producing country by all other peoples not hemmed in by a sufficiently high tariff. Most countries, therefore, will buy from the lowest cost producer, and all the tariff walls in Christiandom can not prevent these products from commanding first place in many of the world's markets. Except for high tariffs, in due time, the countries with a high cost of production will be buying the articles produced at a lower cost, and their own production will lag behind. Ultimately the countries supplying the markets at a lower cost of production will create a favorable balance of trade and gold will be shipped from the countries having a high cost of production and an abnormal gold supply to the countries with a low cost of production, until finally an equilibrium will be reached and the cost of production for similar commodities under similar conditions will be about the same. For other products in which a country naturally excels in ability to produce it will be able to continue its monopoly.

If international debts were repudiated and tariff laws abolished this natural state of advantage in production and trade would be simplified and would reach a normal condition in fewer years. But Germany must pay her bill no matter what is done about other international debts. Therefore, Germany shall live under the handicap she has brought upon herself until she has slowly but surely paid the indemnity which the civilized world demands.

Universal Par Clearance

By Chas. de B. Claiborne

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IS such a thing possible? Does the Federal Reserve Board intend such a condition in the strict meaning of the word? Does the commercial world understand what is proposed or what the fight is about? Has the Reserve Board ever explained or tried to explain to the public how and to what extent the success or failure of the par clearance system would affect them?

In order that the subject may be understood and the case be passed upon according to its merits, all the cards should be exposed.

Would the failure of our fight against the Federal Reserve Board bring about "par clearance" in the sense which that term conveys to the business man (who is after all the one most interested besides the banks)? It would not, for the following reason:

It is the custom for banks to charge on out-of-town items received on deposit from their customers. This charge is a transit or service charge; that is, an interest charge made for the number of days required to collect the item. For example: Smith deposits in his bank an out-of-town check for $5,000; he gets immediate credit for the amount, he uses same in his business, pays an obligation with it, and thereby saves interest, or lends it and receives the interest. His bank, however, does not receive the proceeds from this check for four or five days, and is therefore itself deprived of the use of that money or the interest thereon, and is in effect lending the amount to its customer without any consideration. This is the reason the bank deducts the exchange, which should be termed a service charge, when the item is deposited.

THE REAL CONTROVERSY WITH THE RESERVE BANK

But this is not the controversy with the Reserve Bank. On the contrary, the Reserve Bank and the law itself recognize this charge, and whether we win or lose the business man will continue to pay over the counter on all out-of-town checks for the service his bank renders. This therefore should be made very clear to him, lest Mr. Business man throw his influence to the Reserve Bank under an erroneous impression.

Even the Reserve Bank itself will not accept from any national bank, or other member bank, for deposit for immediate credit a check on New York (although acceptable by most banks at par), the Reserve Bank making its charge indirectly by giving a deferred credit of from two, three or four, and up to twelve days, or whatever time it requires to collect the item, and therefore the bank receiving the item for credit must charge that number of days interest.

So you see this merely becomes an issue as between banks and Federal Reserve Bank, the Federal Reserve Bank insisting that when an out-of-town check is deposited in the bank and this check in turn is deposited in the Reserve Bank for collection, that the out-of-town bank on which this check is drawn should remit to the Federal Reserve Bank at par. This is the whole issue—and the answer of the country bank or remitting bank is, "This is a service, and we are entitled to a consideration." To render this service requires clerks and stationery, both of which are much more expensive than formerly, as the business man well knows. On the merits of the question, "Is it a service?" the country bank must stand or fall and the Reserve Bank must stand or fall on the same issue: "If it is, then a consideration is due." Every fair-minded man must concede this.

To admit that it is a service and yet

not entitled to a consideration is a principle too idealistic for serious discussion, except perhaps by Government officials. This, however, which they preach, is not what they practice. Did you ever buy a postal money order? Answer.

The bank is a commercial necessity and therefore must exist—yet in order to attract capital, it must pay dividends, and in order to pay dividends, must have sources of income. These are interest and exchange. Banks are heavy taxpayers—Federal, state and municipal—and while fully appreciating the patronage of their many depositors, the well-managed bank renders compensating service. The cost of doing business is continually increasing, and banks cannot and should not absorb further unnecessary charges. Let us not place the banks in the condition of the railroads by cramping their earnings. Do not create conditions which it will be impossible to undo, based on present earnings—purely temporary. St. Paul Railroad common once proudly stood at above 175, but few there are now so poor as to do it reverence at 40. Would the business man care to see such a decline in bank stocks?

It is continuously published that over 25,000 banks remit at par; that is, that eighty-six per cent. of the bank presumably desire par collections, and that, therefore, the other fourteen per cent. (to use the words of H. A. Moelenpah of the Federal Reserve Board), "still cling to their idea, and chirp and whistle because of their petty losses on exchange." This is a purely gratuitous assumption.

The public should be informed that national banks must par such items as the Federal Reserve Bank handles for member banks, as they are members of the Federal Reserve system by law; that state member banks must also par, being part of the system; that a great number of state banks that are now in the system joined for patriotic reasons to assist the Government to finance the war. These two classes make up the greater part of the "eighty-six per cent." referred to, and in no way show the real sentiment with regard to par collections, for the reason that they have no option. The balance is largely made up of banks that, for competitive reasons, must give the same service as national banks situated in their communities, and therefore choosing the lesser evil par for that reason. So it appears by analysis that the banks composing this famous "eighty-six per cent par list" do so not only without their consent but, in a probable majority of cases, against their will, and over their very strenuous protest, a large number not being eligible for membership in the Federal Reserve System as the law is now written.

So you will see that this "eighty-six per cent." proves nothing, unless it can be shown that the banks remit at par of their own free will, and not as a result of the law which compels them to do so. This whole matter is one of fact, not of subterfuge—a simple question of whether or not remitting of items is a service. If it is, then it should be paid for. The Government charges on postal orders three times more per hundred than the banks, and the express companies twice as much. Let the business man handle a collection through either and compare the service and cost with bank service and cost.

Therefore, I repeat that this whole "par collection discussion" is one of fact. The subject cannot be disposed of by incorrect figures that prove nothing, or by any attempt to belittle the men who oppose the plan. Too frequently have Government agencies in the last four years resorted to these methods, rather than prove their case. Government operation, judging by experience, has not been so successful as to give rise to a presumption of infallibility, and the men behind this movement are not to be frightened by any attempt to belittle them by referring to the whole matter in question as "petty exchange." (It is a very much broader subject.) The cost on any single collection is indeed insignificant, but in the aggregate is a large item, and the maintenance by the banks of the

necessary departments incident to this service is a very heavy expense.

I want to make it clear that our association is not against the Federal Reserve System. On the contrary, we fully believe in its wonderful potentialities, but we deplore its invasion of fields never intended by the framers of the Federal Reserve Act, and reserve the right to oppose any action of the Reserve Board when we feel that what they are about to do, is through a misconception, or a mistaken economic view.

The men in this movement to oppose enforced "par collections," are of unquestioned standing at home, and they should not—because they have the manhood and the independence to try to get a fair hearing for their case—be misrepresented, or have their efforts discredited. The results from the Interstate Commerce Commission and Government control of the railroads should furnish sufficient food for consideration as to how far Government regulation of business should be permitted to go.

Helping Bank Employees to Help Themselves Through Profit-Sharing

By W. R. Morehouse

THESE are days of testing for the bank employee. He is face to face with the actual necessity of a more economical management of his home affairs as well as curtailing his little personal expenses. Abnormal conditions have compelled him to retrench. and this means the present dispensing with all luxuries and some necessities.

The high cost of living is constantly assailing the bank employee on all sides with increasing pressure, and thus it is that he has all he can do to make all ends meet and keep himself out of debt. Every time he has received an increase in wages, or a bonus, or a Christmas present of a half month's salary, the rapid rise in the cost of the necessaries of life has stepped in and snatched away this surplus. His natural instinct to "get ahead" and thus lay by a few dollars or a few hundred for some emergency later in life, has been thwarted at every turn by a new advance in the price of shoes, clothing and other staples.

Fortunately for all concerned, the bank employee is not easily rushed off his feet or stampeded. He prefers to view the situation philosophically. It has not always been so, he reasons to himself. His confidence in the just and inexorable law of compensation abides. He knows that it is always functioning and that an early readjustment of conditions is inevitable, and is content to think that when normal times return, he will prosper again.

To-day the average bank employee regards himself like the ball player out in the field doing the hard work of the game, while the common laborer is at bat driving out three baggers and even home-runs and with no strike-outs charged up against him to date. To-day it is the laborer's innings, and he is scoring high wages, more than the traffic will stand and maintain its equilibrium. Day after day the bank employee has witnessed the laborer seize every opportunity to force wages up, and he has seen him succeed to the extent that manual labor to-day re-

ceives more dollars for what it has to sell than does the bank employee for his services. Still, this ever philosophical bank employee sticks to his guns, scarcely complaining at his lot. Doubtless he is looking into the future, and there he recognizes himself holding a permanent position with the bank while the laborer who fares so well to-day may be out in search of work which he must accept at greatly reduced wages. Thus it is that our far-sighted bank employee recognizes the fact that steadiness and permanency count in the long run, and that fidelity, loyalty and faithful service to his employer will bring a sure reward. Besides, he knows there is no comparison between a position with a bank and a job digging ditches. One is permanent and for life, if he chooses to make it so, the other is a mere job that is good only from day to day.

It is not that our bankers are unappreciative of what their employees are facing in these abnormal times, but what constitutes the one best solution for all concerned is the problem of the hour. For a bank to increase salaries beyond a reasonable point now with a view to reducing them later is to court disaster. Nothing more completely destroys the morale or esprit d'corps of the bank employee than to reduce his salary.

SAFE SOLUTION OF THE PROBLEM

The only safe solution of the present problem, as I see it, is for the bank to help its employees to help themselves through some plan of profit-sharing, through bonuses, lunch-rooms within the bank, bank stores, and the inauguration of employees' contests for new business.

The bank with which the writer is associated has always been appreciative of service well and faithfully rendered, and has been ever ready to afford its employees substantial relief in their fight against the rising costs of living. Not only have these employees received bonuses but a well equipped dining room has been placed at their disposal. The only expense to the employee is for the food consumed, the bank furnishing the room with the most modern equipment. It also pays the salary of the cook and two helpers; pays for the fuel, ice, laundry and other incidental bills, and makes all repairs and improvements at its own expense. Conservatively estimated, this dining-room is saving the employees $500 a month, besides adding greatly to their convenience and pleasure.

Not long after the establishment of this up-to-date employees dining-room, Dr. M. N. Avery, president of the bank, announced to the employees that they were to become partners in the business through a plan of profit-sharing. Needless to say, this announcement was received with great favor:

INTRODUCTION TO THE PROFIT-SHARING PLAN

To Our Employees:

In the natural course of progress in our civil life more careful consideration is constantly being given to the proper and equitable division of profits arising from the use of capital and the activities of those employed in its use.

The board of directors of this bank have therefore adopted a resolution establishing a profit-sharing plan, whereby a part of the profits of the bank will each year be set aside for distribution among the employees, the amount of such fund to be proportioned to the prosperity enjoyed by the bank and the amount of net profits realized from its operation.

Your co-operation and efficiency will thereby find themselves capitalized in the exact proportion as you put heart and soul and best endeavors into your work to promote the constant increase of the bank's profits and resources by rendering efficient, conscientious and economical service.

It is not the desire to increase our profits by decreasing the number of employees, but it should be the aim of the employees to so increase the volume of our business that by their combined and co-operating efforts and their increased usefulness and efficiency the increasing business may be taken care of without unnecessary increase of the employed force.

As our business grows, our profits should grow in increased proportion, as the overhead expense is less, proportionately. By assisting in building up the business, therefore, and by assisting in cultivating a spirit of co-operation and economy amongst your fellow workers, you will thereby be increasing the amount of the distributable fund

which will be coming to you at profit-sharing settlement periods.

In devising the plan an earnest effort has been made to so construct it that perfect liberality and justice will be done to all employees, and so that the long and faithful service of the older employees will receive due recognition.

It is the sincere desire of the board of directors that the plan may be so administered as to inspire the hearty interest and co-operation of the entire force of employees, and also so that it may result in ever-increasing measure toward the profit, prosperity and happiness of the entire force.

GUARANTY TRUST & SAVINGS BANK,
By M. N. AVERY,
December 15th, 1919. *President.*

RESOLUTION

Resolved, That a profit-sharing distribution shall be made as follows:

1. The "net earnings" shall be so much of the gross earnings and credits of the bank's business for the half year as shall remain after deducting all expenses incurred in the conducting of the business, including taxes, interest and other charges, and all losses, depreciation, charge-offs or reserves, created for any purpose—but before payment of any dividends to stockholders. The determination of such net earnings by the board of directors shall be final and conclusive.

2. Deduct from the net earnings (as such "net earnings" are hereinbefore specified), a sum equal to five per cent. of the stockholders' money invested in the bank, as determined by the amount of capital stock, surplus and undivided profits shown on the books at the beginning of each month's period. (Out of which sum may be paid the dividends to stockholders.)

3. After deducting said sum—take twenty-five per cent. of the remainder, which shall then form the "participation fund" for profit-sharers, and which may be distributed to officers and employees (except those who may be excluded, as hereinafter provided), in the following manner:

4. The distribution shall be pro rata and the pro rating shall be based on:

A. The relative value of services as indicated by salaries:
B. Length of service.

5. To combine these factors into figures upon which the amounts to be distributed may be pro rated, a base figure shall be used consisting of the total salary received for the six months last past, to which shall be added, for length of service, three per cent. of the salary so received, multiplied by the number of years of service prior to and exclusive of the calendar year in which the six months' period is contained.

6. However, the total amount of salary, as well as years of service of officers and employees participating herein, and to be considered for the foregoing calculation, shall be subject to the following limitations:

A. That the total salary shall not exceed $4,000.00 for the half year, and any salary received in excess thereof, shall not be included.
B. That the maximum allowance for length of service shall be forty-five per cent., and that service over 15 years shall not be included.
C. That fractional years of service of six months, or less than six months, shall be omitted, and of more than six months shall count as a full year.
D. That length of service shall include service with any other bank merged or that may be merged with this bank.

7. The following officers and employees shall not participate in this plan:

A. The President.
B. Any employee who shall not have been in service six months or more.
C. Any employee whom the management shall exclude from participation herein as hereinafter set forth.

8. The bank reserves the right to exclude from the benefit of this plan any officer or employee for such reasons as the management shall deem sufficient, and especially—

A. When his or her work shall not have been satisfactorily performed.
B. When, on account of the character or nature of the work performed, the management wishes to exclude them.
C. When long absent from sickness or other cause.
D. When employed for a special purpose.

9. When the control figure for each officer or employee, participating herein, has been computed in the manner above set forth, then these figures shall be totaled. The amount of the participation fund shall then be divided by the total control figure to ascertain the percentage to be used in making the distribution. After ascertaining the percentage, each officer's or employee's control figure shall be multiplied by the percentage to determine the share in the participation fund to be paid to such officer or employee.

10. Distributions shall be made semi-annually from the earnings of the preceding six months ending June 30 or December 31, on July 20 and January 20, or such other dates as the executive management may determine.

11. Any officer or employee who from any cause shall not be in the service of the bank at the end of any distribution

period, shall have no right to a share of such profits, unless the board of directors shall otherwise determine.

12. Until the amount of the participation fund shall have been determined and paid at the end of each period, no right shall be deemed established or accrued therein and thereto by any officer or employee; and in any event, resignation or dismissal before the end of a period shall be a cause for excluding the person resigned or discharged from participation therein. Any dismissal shall rest absolutely with the discretion of the officers of the bank, and the bank's action in this respect shall be conclusive evidence, both at law and in equity, that such employee has been properly dismissed or required to resign.

13. This profit-sharing distribution shall be in lieu of all other bonuses which the bank may have been voluntarily paying, except such special rewards as the bank may offer for contests.

This profit-sharing plan shall not be a deterrent to proper salary changes where meritorious service, length of service, or change of position, or responsibilities, warrants such salary changes.

14. The decisions of the board of directors upon all questions in respect to distributions and which of the officers and employees shall or shall not share in any distributions shall be final.

15. The operation of this profit-sharing plan and of these rules shall begin on January 1, 1920, and remain in force until suspended or annulled by this board or any succeeding board, and these rules and regulations are at all times (and at any time, even within a period already commenced) subject to amendment, alteration or discontinuance by this board of directors, or any succeeding board. The power to amend, alter or discontinue the profit-sharing distribution rests entirely with this board of directors, or any succeeding board.



Ignorance is a Hard Task Master

REVIEWING the commercial and financial history of our country the question arises why were not certain dangers foreseen and why did not the bankers and merchants of the period under review see that the paths they were following would lead to disorder and panic conditions—that uneconomic practices were being permitted out of which must come disaster.

We are led irresistibly to the conclusion that too small a proportion of our enterprisers in business and banking understood, for we believe that not a panic in our industrial history need have happened had our leaders understood economic law.

Recognizing the heavy cost of such periods, is it not wise to prepare and provide against similar contingencies arising? We believe it is, and therefore we shall encourage and appeal for the introduction of certain studies in elementary and high schools of the nation that our youth may be instructed in economics and credit principles which if accepted will save them from disaster. In the higher grades of our grammar schools there should be lectures on the use and abuse of credits. There should be installed, also, elementary studies of economics and commercial history. With a knowledge of credit and an insight into our commercial history, and the causes of certain phenomena, there is no reason why the business man or the banker of the future should do the many dangerous things that we have done so frequently in the past, or that the very finest thing in all the world—credit—should be abused to the extent that it has been, commercially and individually in our nation. We must stir up the Boards of Education and our educators generally throughout the country to this great necessity as one of those protective ideas that will erect a wall around the future generations and serve to help in the substantial building of our future commerce and credits.—From the General Letter of the Credit Men's Association.

Philippine Economic Development Under American Sovereignty

By Arsenio N. Luz

Philippine Commercial Agent in Charge of the Philippine Commercial Agency
New York City

CLUSTERED in the middle of the China Sea rises a group of islands, rich in the gifts of nature, with vast untapped resources, a country inhabited by a people loyal and friendly to the United States. Geographically separated from the American nation, yet they are a part of it, politically speaking, for as a direct result of the Spanish-American War they passed over from the hands of Spain to the benevolent domination of the United States. More than twenty years of American rule in the Philippines have brought home to the Filipinos all the beauty and all the grandeur of American institutions and American ideals. They have learned to love the American people with that feeling which finds its mainspring in the heart of a grateful country. And so we have the Filipinos throwing their fate with the United States during the recent war, oversubscribing by a big margin all their Liberty Loan quotas and organizing a division of 25,000 men to fight side by side with the American soldiers in defense of the Stars and Stripes.

American capital and American initiative are welcomed in the Philippines, and no matter what the political status of that country may be in the future, one thing is certain and that is, it will always find closer attachment with that nation to which it greatly owes the progress and the prosperity it now enjoys—the United States of America.

LIMITED AMERICAN KNOWLEDGE OF THE PHILIPPINES

The average American, perhaps on account of the distance of the Philippine Islands from the United States, perhaps due to the many big problems confronting his own country, has given little thought to that distant country peopled by 11,000,000 souls. He does not know that the Philippine Islands, under the American flag or nominally independent after more than a score of years of American rule, have progressed economically and are enjoying a financial prosperity never enjoyed before. He does not know that closer commercial relations have been developed between his country and that of the Filipinos and that the export and import trade of the Philippines has



ARSENIO N. LUZ
Agent of the Philippine Government in the United States



Panoramic View of Luneta, Manila, P. I.

practically passed into the hands of the United States.

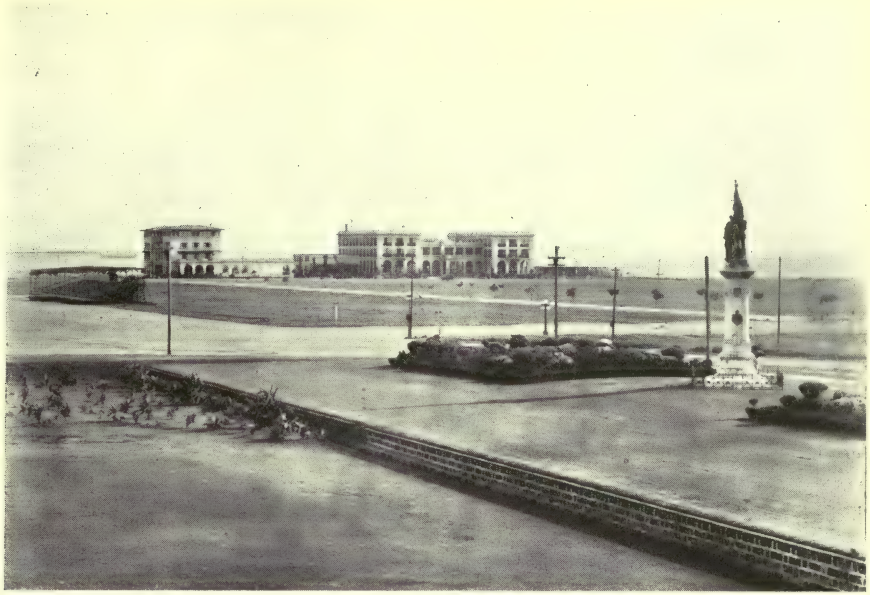
HOW TRADE HAS INCREASED

The most prosperous period of the Philippines during the Spanish colonial régime was from 1888 to 1892. The foreign trade of the islands during those years averaged slightly less than pesos 80,000,000 a year. In 1918, after about eleven years of American rule, the trade amounted to pesos 467,000,000, or a six-fold increase. During nineteen years of American leadership trade has certainly "followed the flag." The United States has naturally benefited the most as a result of this growth of trade. During the last years of Spanish rule the United States supplied but three per cent. of the imports of the islands, slightly over pesos 1,000,000. During 1918 imports from the United States amounted to pesos 117,000,000, or sixty per cent. of the total importation into the islands.

From 1900 to 1909 trade increased steadily, doubling in the ten-year period. In 1901 external trade amounted to pesos 20,000,000 more than the best period of Spanish times. In 1902 the trade was pesos 107,000,000 and in 1903 pesos 124,000,000. The movement of trade was quickened from 1909 to 1913, due in a large measure to the tariff law of 1909, which called for free admission of Philippine products in this country with certain limitations, most of which were removed in 1913. Business conditions in the Philippines during the years 1917 and 1918 may be summed up in one word—prosperity.

The percentage of the United States in Philippine imports increased fourfold from 1897 to 1901, amounting to over pesos 7,000,000. This, however, is negligible compared with the enormous total of the last few years. In 1906, the United States Congress passed a tariff law which provided for reciprocal free trade between the United States and the Philippine Islands. This was a signal for a revival in Philippine trade on the part of the United States exporters and in 1910 thirty per cent., and in 1911 forty per cent. of the imports came from the United States.

In 1916 the Jones Act giving the Filipinos a more autonomous government was enacted by the American Con-



Panoramic View of Luneta, Manila, P. I.

gress. Since then the imports from the United States increased and have continued to do so with heightened momentum, until in 1918 importations from the United States reached pesos 117,649,222. Now the United States has almost a monopoly in both the export and import trade of the Islands and foreign competition is steadily growing smaller.

The total foreign commerce of the Philippine Islands in 1913 was $107,685,742 with a balance against her of $5,500,000, while in 1918, her foreign commerce reached $234,281,747 with a balance of trade in her favor of $37,083,324, or an increase of $133,196,005 of the 1918 trade over that of 1913, an increase of 131 per cent. from 1913 to 1918.

GROWTH OF THE PHILIPPINE NATIONAL BANK

The Philippine National Bank furnishes the most incontrovertible evidence of the financial progress of the country. It was organized with resources amounting to $5,900,000 on May 25, 1916, and gradually rose to $14.650,000 on July 15, 1916; $25,350,000 on December 31, 1916; $49,017,500 on June 30, 1917; $69,138,000 on December 31, 1917; $105,471,000 on June 30, 1918; and $124,399,039.04 on December 31, 1918.

As a true sign of the notable development which up to this time has been shown in the commerce of the Philippine Islands are the 3,065 domestic corporations and partnerships organized in the country during the last few years with a capital aggregating pesos 452,192,197.43, not to mention ninety-five large American and a considerable number of world-famed foreign concerns with enormous additional capital also having agencies and branches in the islands.

The Insurance field has also been invaded by Philippine enterprise. The success achieved by the first Filipino venture in such line of business, the Insular Life Assurance Company, stimulated interest in the insurance business. The Filipinas, Compania de Seguros, capitalized at pesos 1,000,000, accepts property and marine risks as well as life. The National Insurance Company, with a capital of pesos 5,000,000 is of recent origin, and although it



Cavite Boulevard and Sea Wall, Burnham Development, Manila, P. I.

has only limited itself to marine insurance, has proved to be a great financial success. In the realm of fidelity and employers' liability insurance stands foremost the Philippine Guaranty Company, with a capital of pesos 250,000.

The Compania Mercantil is a prosperous import and export house in the Philippines to-day. In scarcely two years its business has expanded considerably. There are scores of similar export and import firms, managed and capitalized by Filipinos. All of them are successful, so much so that even in the city of New York Filipino export and import houses have just been opened.

Madrigal and Company is the biggest shipping concern in the Philippine Islands. It operates about twelve ships, which outgoing transport sugar, hemp, and other island products to China and Japan, and incoming supply the country with coal and rice. The Compania Maritima has a fleet of interisland steamers which connect Manila with the southern states. The Yangco Steamship Company, with a capital of pesos 4,000,000, operates a line of steamboats between Manila and adjacent ports. Fernandez Hermanos is another shipping concern which is fast acquiring additional steamers. La Compania Naviera, organized only in 1908, is considered to be one of the most prosperous shipping firms in the Philippines to-day.

The majority of the cigar and cigarette factories in Manila are operated and owned by Filipinos. "La Germinal," one of the leading tobacco factories of Manila, has an international fame of being the producer of high-class cigars and cigarettes.

Other commercial and industrial ventures worthy of note as pioneers in their line and indicative of the commercial and industrial awakening in the Philippines under American sovereignty are the Philippine Tannery Company, and the Philippine Net and Braid Manufacturing Company. The Earnshaws Slipways and Engineering Company, capitalized at pesos 6,000,000; the Philippine Engineering Company and El Varadero de Manila are among the most notable engineering concerns of the islands. The Hogar Filipino is a mutual savings association which constitutes the maiden effort of the Filipinos in this line of business. Its success has encouraged the opening of a few others, all of which are apparently thriving.

An idea of the recent growth of commerce in the Philippines may be had from a recent report of the Manila Merchants' Association, which says:

> Our record in commercial development in the year 1919, will go far toward convincing the world that the Philippines are permanently and successfully expanding their trade and developing resources. In 1918, astounded at the great prosperity, even the most enthusiastic and optimistic admitted to themselves this was an unusual state of affairs and that after the war conditions would settle back toward normal. From month to month it was prophesied that next month exports would surely decrease. It is true that for the year exports did decrease, but not to the extent expected and

at that very little to the discomfort of the Islands. Looking back upon the past year we may confidently say that we have established new standards of judgment for volume of trade, greater expectancy for future development, and great confidence in our ability to meet successfully the problems of the new era. Just as the cost of living is to remain expanded, our rapid development during the war is to continue. We have become a larger country and expect to show a volume of business commensurate with that of the past year.

THE MONEY CIRCULATION

Regarding monetary circulation, the Philippines had in 1913, $25,348,626 or $2.76 per capita, while in 1919, there was in circulation $66,301,484 or $6.74 per capita.

TRADE WITH OTHER COUNTRIES

With the United States having obtained a big share of the total Philippine import and export trade, one must add the enormous increase of the carrying trade that went to the same country during the last few years. Of the total trade of the United States in 1914, British vessels carried 125,674,628 pesos; vessels of American registry second with pesos 20,434,000 worth of goods; German, a close third with pesos 14,991,674 worth; Japanese, fourth, with pesos 14,609,810; and the remainder was carried by Spanish, Norwegian and other nationalities. In 1917 the British carrying trade dropped to pesos 109,537,765 out of pesos 322,802,674. Japan stood second and America third. In the year 1918, however, a marked change was noticed, for American vessels occupied the first place with a total of pesos 162,861,635, followed by the British with pesos 121,975,745, then the Japanese a close third with pesos 107,698,918, the Norwegian fourth with pesos 17,598,898, the Philippine with pesos 15,568,718, the Danish with pesos 13,078,701, the Chinese, the Dutch, the Spanish, and a few others the rest.

All the above figures aim to give the reader a graphic presentation of the economic progress of the Philippine Islands during the twenty years of American rule in that country. They present the Philippines as they stand after more than a score of years of American guidance and tutelage. The picture that they should form in the mind of the reader must be that of a country with vast undeveloped resources, but at the same time a country and a people that have grasped with a ready hand all opportunities for progress and advancement offered them and have expressed themselves as willing and happy to welcome that aid to economic development which comes in the same spirit that has been invariably typified by the democratic institutions that have been implanted in the islands under the Stars and Stripes.



Panorama of the City of Manila, P. I.

Hand in hand with the political progress of the country was its economic growth. This the quoted statistics have shown. And it is because the Filipino people, freed from misgivings as to the political future of their country, have begun in real earnest to attend to the economic development of their country. As they see in their political horizon the vision of an independent Philippines, they have grasped the realization that to hold its place in the sisterhood of nations its economic independence must go hand in hand with its political independence. They have shown that they can hold their own ground, and they have given the world an example of the progress of a rising nation in

economic lines using autonomous political concessions from the mother country as the stepping stones.

America, with pride, can present to humanity a magnificent colonial handiwork, the product of America's unique colonial policy—a country inhabited by eleven million people who owe their economic progress to the political instrumentalities given them. For the greatest instrument of economic progress is political autonomy—and this America has proven in her experiment in the Philippines.



The Bank of Japan

By Henry C. Flower, Jr.

[Mr. Flower, the son of Mr. Henry C. Flower, Chairman of the Board of the Fidelity National Bank and Trust Company, of Kansas City, Missouri, and a member of the former Capital Issues Committee, has recently graduated from Harvard University and is now engaged in a trip around the world, studying banking and financial affairs in the countries he visits. This is a letter written while he was in Japan.]

WITH regard to monetary affairs in Japan before the Restoration there is little to be said. The first eighteen years of the Meiji era—from the Restoration in 1868 to the enactment in 1886 of the decree relating to the convertibility of Government paper money—were the years in which financial and industrial organizations first came to the front. But as early as 1871 the want of monetary organs had been urgently felt by the general public. During the following year, therefore, the new National Bank Regulations were issued. But the banks established under these regulations were not able to put in practice their power of issuing notes, because the inflation of Government paper money had already caused depreciation. When the Civil War of 1877 was ended, the paper currency of Japan was still further inflated not only by the excessive issue of Government paper money, but also by the issue of a large volume of national bank notes.

ESTABLISHMENT OF THE BANK

Recognizing the injurious effect of the inflation of paper currency, which strengthened the tendency to an unfavorable balance of trade, the Government steadily began to withdraw its paper money and in 1882 established the Bank of Japan for the purpose of concentrating the power of issuing notes heretofore delegated to the National Banks. By 1886 the money market had made such a healthy development that it was possible to reorganize the currency system on a strictly gold basis. In consequence of the easier circulation of money, a business boom again set in, and it only needed the critical financial situation that arose as a result of the war with China to prove conclusively that the money market of Japan was now on a foundation to withstand the most extraordinary pressure.

As has already been stated, the Bank of Japan was organized in compliance with the Regulations issued on June 27, 1882, and was founded as a joint stock company with a capital of 10,000,000 yen.* It was opened to business on October 10 of the same year. With a steady and sound expansion of busi-

*The "Yen" is the monetary unit of Japan, backed by gold, and made up of 100 sen. It is equivalent to $0.498.

ness, the capital of the Bank has been increased three times, namely, twice by 10,000,000 yen, in February, 1887, and in August, 1895, and then by 30,000,000 in February; now it stands at 60,000,000 yen divided into 300,000 shares, of which a sum of 37,500,000 yen is paid up. But even within the last few months a plan has been set on foot by which the remainder of the 60,000,000 yen subscribed capital is to be called in, and the total capital of the bank to be extended to the amount of 100,000,000 yen. The business term of the bank, which had been limited to thirty years from the opening, was extended for another thirty years from the date of expiration on October, 1912, that is, until October 9, 1942. Besides a number of agencies, branch offices of the Bank have been established in eleven principal business centers, namely, Osaka, Moji, Nagoya, Otaru, Kyoto, Fukushima, Hiroshima, Hakodate, Kanazawa, Niigata and Matsumoto.

The Bank of Japan is organized as a limited liability corporation, each shareholder only being liable to the amount of the shares held by him. These shares must all be registered and the Japanese alone are entitled to make a sale, a purchase or a transfer of any of them. Anyone who desires to become a shareholder must first obtain permission from the Minister of State for Finance. Each share gives to each shareholder one equal right, irrespective of the number of shares held, in the joint ownership of the bank's assets and in the division of profits. At the present time, the Government owns approximately forty-five per cent. of the issued shares, the remainder being in the hands of a rather large number of private individuals.

After deducting from the total net profits the amount of the dividends, at least one-tenth of the residuum must be set aside as a reserve fund for the purpose of making good any loss in capital, or of making up for the deficit of dividends.

The operations of the bank may be epitomized as follows:

1. To discount or purchase bills or notes issued by the Government, bills of exchange, and other commercial bills.
2. To deal in gold and silver bullion.
3. To make loans on gold and silver coin and bullion.
4. To collect bills for banks, companies and merchants.
5. To receive sums of money in deposit accounts and gold, silver, precious metals and documents for safe keeping.
6. To make advances on current accounts or loans for fixed terms upon the deposit of public loan bonds, bills or notes issued by the Government, and other securities guaranteed by the Government.

But on the other hand, the Bank of Japan is expressly forbidden to enter into any of the following operations:

1. To make loans on the security of real estate or shares of banks in other countries.
2. To make loans on the security of shares of the bank or to purchase the same.
3. To become a shareholder in industrial companies.
4. To become the owner of real estate except insofar as it is necessary for establishing the Head Office and the branches of the bank.

All commercial bills to be discounted by the Bank of Japan must be endorsed by two or more reliable persons of means, and payable within one hundred days. The rate of discount is fixed monthly by the Administrative Board, but may be changed from time to time if deemed necessary. Loans may be made to those persons whose means are considered reliable by the bank, and no such loans may exceed the period of six months, nor may the amount advanced exceed eighty per cent. of the market value of the security deposited.

Formerly the right of note issue was distributed among several individual banking corporations, but with the establishment of the Bank of Japan, in 1882, the power of issuing convertible bank notes was concentrated in this one organization. At the present time all paper money bears the name of the

Bank of Japan as its endorsement to redeem in gold any certificate of indebtedness presented across its counters. In return for this privilege of the note issuing monopoly, the bank must undertake the management of the State funds at the convenience of the Government.

THE BANK'S ADMINISTRATION

The administration of the Bank of Japan has been evolved along the following lines: A governor and a vice-governor are appointed by the Government for a term of five years, the former being appointed with the Imperial nomination, and the latter with the Imperial approval, and they are under no circumstances allowed to hold other official appointments during their tenure of office. Four directors are elected by a general meeting of the shareholders and appointed by the Minister of State for Finance for a term of office of four years. Together with the governor and the vice-governor, they shall go to form the administrative board which, in turn, exercises general supervision over all the affairs of the bank. Furthermore, from three to five auditors are also elected by a general meeting of the shareholders and it is their duty to inspect all books, and to examine and approve the balance sheets, profit and loss accounts, and estimates of expenditure which are drawn up and submitted by the administrative board. Throughout their term of office, the governor, the vice-governor, the directors and the auditors are expressly forbidden to incur any personal liability against engagements entered into with other persons concerning the operations of the bank.

Every half year the governor must convoke an ordinary general meeting of the shareholders, but he is entitled to convoke an extraordinary meeting whenever he deems it necessary. Shareholders that are entitled to attend a general meeting are those who own at least ten shares, and for every ten shares held they are entitled to one vote, with one additional vote for every fifty shares over and above that number. All resolutions must be passed by a majority of votes, and if they are equally divided, it is the duty of the chairman to decide.

In theory the control which the Government exerts over the Bank of Japan is well nigh absolute, but in actual practice that control is merely nominal. Perhaps it would be more correct to say that the possibility of complete control lies always within the constitutional right of the Government, but they are wise enough to leave well enough alone and allow the bank to work out its own solution. In accordance with the Imperial ordinance which made possible the Bank of Japan, the Minister of State for Finance may dispatch comptrollers to the bank on express commission to supervise all its affairs, and the bank, in turn, must submit a statement of its finances to the Government at least once a month. All by-laws and amendments must first obtain the approval of the Minister of State for Finance before they are valid.

THE NOTE ISSUES OF THE BANK

Under the Convertible Bank Note Regulations promulgated in the year 1884, the Bank of Japan is allowed to issue convertible bank notes to the amount of 120,000,000 yen against the security of Government loan bonds, Treasury bills, or other certificates and commercial bills of a reliable nature. In case an increase in the circulation of money is deemed necessary, the Bank of Japan may make an additional issue of convertible bank notes, provided the approval of the Minister of State for Finance has been first obtained. In such a case the Regulations provide that the bank must pay a tax on the issues at the rate of not less than five per cent. per annum. Since Japan's entrance into the war in 1914, the bank has found it necessary to increase her note issue to a considerable extent, and has had to pay the Government a tax of six per cent. for the privilege of so doing. In return for the privilege of issuing 120,000,000 yen in bank notes secured not by gold and silver, but by negotiable bills, the Bank of Japan was

obliged to make the Government a loan of 22,000,000 yen, without interest, and this money was to be used for the purpose of redeeming the then outstanding Government paper money. These convertible bank notes were at the same time made legal tender in payment of taxes and customs duties, as well as in all monetary transactions.

The control which the Bank of Japan exerts over the money market is indirect rather than direct. Although there is a discount committee which examines all bills submitted and advises the administrative board as to the determination of the official bank rate, the market rate is more independent than might at first be supposed. The real control which the Government has over adverse money fluctuations, the real check to over-expansion, lies in its power to issue Government bonds bearing a high rate of interest. With danger in sight, the Government will invariably resort to this method and flood the market with bonds bearing a rate of interest as high as six or seven per cent.

Much like the conditions now extant in Canada, the future for the expansion of banking facilities in Japan lies not along the lines of creation but of development. New banks find it extremely difficult to break within the narrow circle that now surrounds this financial world. It remains for the banks already in existence to extend their business, to open branch offices whenever they are needed, and to meet the ever increasing demand for financial accommodation.



Free Information on Acceptances

THE desire of business men to familiarize themselves with the meaning and use of trade acceptances, is most marked, according to the American Acceptance Council, 111 Broadway, New York, which reports that the inquiries upon it for information have doubled in the last few months. These include, as heretofore, an increasing number of requests for copies of the 54 page booklet entitled "Trade Acceptances," by Robert H. Treman, formerly Deputy Governor of the Federal Reserve Bank of New York. This is the standard work on the subject, and has attained wide circulation and publicity. The Council states that as long as the supply of the present edition lasts it will be glad to fill, *without charge,* in the order of their receipt, requests for single copies from business men and bankers. If copies are desired in quantity by business houses, banks or trade associations for educational distribution, these will be supplied at actual printing cost. The Council has other literature, of course, some in pamphlet and some in leaflet form, dealing not only with trade but with bankers acceptances, and will provide complete information thereto in response to special inquiry. An interesting leaflet is one entitled "Trade Acceptance Users," which presents 500 representative selections from among the numerous users in many lines of merchandising.



Observations of an Outsider

A Non-Banker Gives His View-Point on Banking Service

A BUSINESS man who had been puzzled over business conditions had just come out from a rather long session with his banker. This is what I heard him say:

"I like to talk things over with him (the banker). His opinions are based on bits of information from so many different sources. He doesn't jump at conclusions. His conclusions are 'digest.' He has a clearer conception of conditions in my own trade than I have, for he sees my trade in its relations to all the other trades; he sees our local conditions in their relation to country-wide and world-wide conditions. That's why I like to talk to him, even if his news is bad, for whether it is bad or good, I feel that his conclusions have behind them an accumulation of facts from many sources that are closed to me. He is not 'opinionated'; he is simply well informed and capable of thorough analysis."

Some tribute, isn't it?



Do the banks want to encourage the use of trade acceptances? Remember, I am not a bank man. I am not even in a business which would use trade acceptances a great deal anyway. But I do talk with a lot of people in various lines of business, and I have asked a lot of questions about the use of trade acceptances. Some men are using them "a little," others not at all, more do not know anything about them. Now I do know that a lot of banks have put out booklets on the subject and many others have done some fine advertising on the subject. Why is it that so many business men lack enthusiasm on the subject?



There is a city that I know of where all the banks are "big ones." This has come about through consolidation largely. These big banks rather frown on the average "small" account. But a lot of people have to carry small accounts and many of them could be nursed into big accounts. How far can a big bank go to encourage these small accounts, and is any effort worth while? If not, what are the small accounts going to do in a city or town where no one wants to take them?

I know of a bank which arranged and furnished its women's department entirely according to the suggestions of one of its women clerks, and she thought of a lot of little things which the mere men had overlooked but which the women depositors greatly appreciated.

A lady whom I know well went to her bank the other day to get something from her safe deposit box. She had entirely forgotten to bring her key with her, and was greatly surprised when the bank officer told her that the

bank had no way of unlocking the box for her. This is not a unique experience. Every safe deposit man has been through it, but it seems to me there is an opportunity for a little bit of elementary advertising on this point. This lady was quite impressed with the fact that she alone could open that box—or rather that it took the combined efforts of the bank and herself (after identification) to open the box. It may seem like a fool question, but I wonder how many women know about this matter? Here's one highly intelligent woman any way, who didn't. If some of you advertised to the women of your community, explaining this point, the other banks might laugh at you, but—you'd get the women.



I went into a bank a short time ago. It was a fair sized bank in a fair sized city. I asked for the treasurer, without stating my business. I am fairly certain that I presented a moderately good appearance and had no concealed bombs bulging out of my coat pockets. The treasurer came out. He didn't shake hands with me, for he couldn't very well do so on account of the three-foot counter and stout steel grille which loomed between us at the point which he elected for our conference. He was gruff and decidedly unpleasant, not because he was busy,—for I made sure that he wasn't busy before I went in,—but because it was his nature. I was there to sell him something, and my proposition stood as high in its field as his bank did in its field. I made up my mind I was going to get on the other side of that grille at his invitation if it took my last ounce of salesmanship. I did it, and even got an invitation to lunch on top of that, but you can bet I wouldn't have gone through all that trouble had I been there solely for the purpose of depositing a few thousand with him. Little question for the day is:—How did he know I didn't want to deposit a few thousand? Answer:—He didn't. And he never would have known it if I had really been there for that purpose, for I would have kept it secret. I wonder how they get that way!

A savings bank treasurer told me the other day that he had solved a problem that had bothered him for some time. His bank is in a busy industrial center, and, while the bank pays good salaries, he has had hard work holding on to young men for clerical positions, in the face of the lure of outside wages, and the constant changes in his force disrupted the business routine. He particularly needed a man as loan clerk and general assistant in the clerical force. He has solved his problem by hiring a man about 55 years of age,—a man of settled, steady habits, who appreciates the value of a position that may be his as long as he is able to work at all, a man who knows that his chances of even a "job" in active competition in the industrial field would be practically nil. The bank has gained a careful, steady, reliable worker who is going to "stick." Don't mistake the point. The man is not a "failure." He has simply been outdistanced by younger men under the extraordinary conditions of the present, and in the present arrangement the bank and he both gain their objectives.



How Interest Accrues

THE way interest accrues on a bank account is shown by a deposit made by the first depositor in the Astoria (Ore.) Savings Bank. This account was opened by Maude Saffarrans, twenty-nine years ago. The deposit was $20, made in the form of an interest-bearing certificate, which has been annually renewed, and with the interest added now amounts to $77.81. There has been a change in the name of the depositor to Maude Saffarrans Patton, the lady having become the wife of Frank Patton, cashier of the bank.

Earnings and Expenses of the Federal Reserve Banks for 1919

[Federal Reserve Bulletin]

TOTAL earnings of the Federal Reserve Banks for the calendar year 1919 were $102,380,583, compared with $67,584,417 for the calendar year 1918, while total current expenses were $20,341,798, compared with $12,137,438 for the earlier year. Current expenses for the year under review include, besides $15,439,194 of expense of operation proper, $3,016,823, the cost, including expressage, insurance, and other expenses incident to the issue and retirement of Federal Reserve notes; $872,326, taxes on Federal Reserve bank note circulation; $938,791, the cost of furniture and equipment purchased during the year, and $74,664, the cost of repairs and alterations of bank premises.

As a result of increased borrowings by member banks and the higher discount rates adopted, the earnings of all the Federal Reserve Banks show considerable higher totals for the last three months than for the earlier months of the year.

Total current expenses shown above are exclusive of the expenses of the fiscal agency departments. These expenses are treated separately, being reimbursable by the Government. During the past calendar year the Federal Reserve Banks acting as fiscal agents, largely in connection with the Victory Loan and the several certificates issues, expended a total of $16,626,016. There was also due to the banks from the Treasury at the beginning of the year a total of $9,573,832, expended by the banks during the year 1918. Reimbursements received during the year from the Government amounted to $22,612,681, leaving thus a reimbursable balance at the end of 1919 of $3,587,167.

Current net earnings of the banks—i. e., the excess of earnings over current expenses—totaled $82,038,785, compared with $55,446,979 for 1918. Calculated on an average aggregate paid-in capital for the year of $83,513,000 the net earnings for 1919 constitute 98.2 per cent., as compared with 72.6 per cent. on the average paid-in capital in 1918.

To the current net earnings above shown should be added $219,575, the amount by which the reserve set aside in previous years to take care of depreciation of United States bonds owned has been reduced, and $40,857 representing largely amounts carried directly to profit and loss during the past year. This gives total gross profits of $82,299,217. Deductions from this total, $3,931,713, comprise the following items: Depreciation allowances of $2,649,819 on bank premises (especially large in New York City and Chicago); additional reserve against depreciation of United States bonds, $34,156; a special reserve of $525,741 set aside by the New York bank to cover losses and take care of future contingencies; an amount of $493,928, assessed against the banks for the support of the Federal Reserve Board during the first six months of 1920, and miscellaneous deductions of $228,069. This leaves net earnings available for dividends, surplus, and franchise taxes of $78,367,504. Dividends at the rate of six per cent. paid during the year by all the Federal Reserve Banks amounted to $5,011,832.

Under section seven of the original act the banks had to carry to surplus one-half of their net earnings up to forty per cent. of their paid-in capital and had to pay the other half to the Government as a franchise tax. In accordance with this provision the banks at the close of 1918 carried to surplus $21,605,901, and under instructions from the Reserve Board, concurred in by the Treasury, set aside the balance

of their net earnings, $26,728,440, as a special reserve for payment of the franchise tax. On March 3, 1919, an amendment to section seven was enacted whereby all net earnings, after deduction of six per cent. dividends, were to be paid into a surplus fund until this fund should have reached 100 per cent. of the total subscribed capital, and that thereafter ten per cent. of such net earnings were to be carried to surplus, while the remainder was to be paid as a franchise tax to the Government. This amendment was made applicable to the net earnings for the calendar year 1918, and accordingly the Federal Reserve Banks transferred to surplus account the amount of $26,728,440 reserved at the close of the year for franchise tax.

At the end of 1919 net earnings, after payment of dividends, amounted to $73,355,672, and of this amount $70,651,778 was carried to surplus, while the balance was paid to the Government as franchise tax by the New York bank, whose surplus is in excess of 100 per cent. of its subscribed capital. For the other banks the ratios of surplus to subscribed capital stand as follows:

	PER CENT.
Boston	58.8
New York	100.7
Philadelphia	55.8
Cleveland	47.7
Richmond	66.3
Atlanta	68.5
Chicago	57.9
St. Louis	45.8
Minneapolis	58.0
Kansas City	76.1
Dallas	44.3
San Francisco	65.3
System	68.7

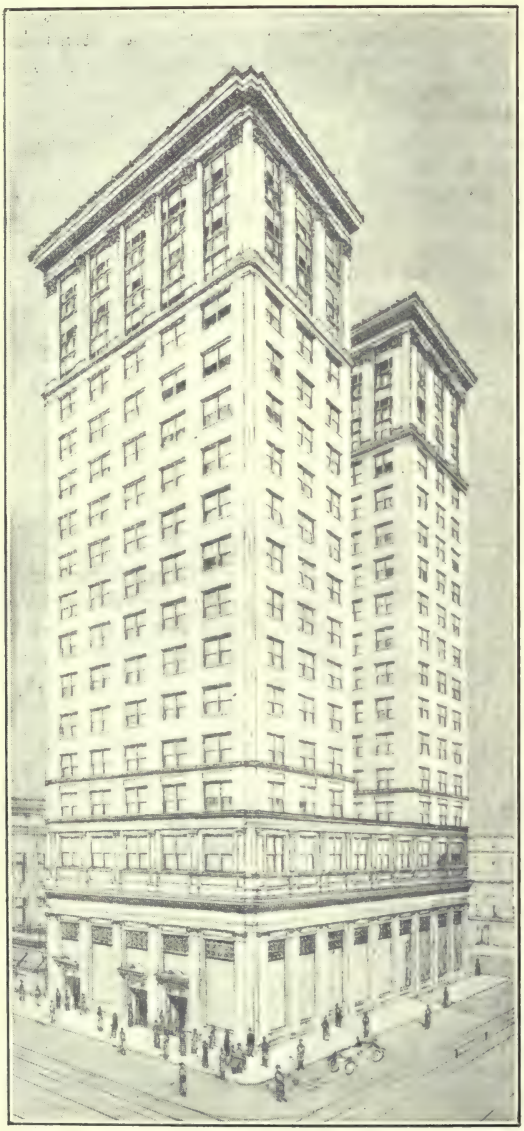
Of the total earnings of the banks, about 78.9 per cent., as against 71.5 per cent. in 1918, came from discounts, largely war paper; bills purchased in open market contributed about 13.7 per cent. of the total earnings, as against 17.7 per cent. in 1918; United States securities, chiefly Treasury certificates, 5.6 per cent. as against 5.7 per cent. the year before; transfer operations yielded about 0.8 per cent. of the annual earnings, compared with 1.5 per cent. in 1918, while the balance of the earnings represent penalties, including interest on deficient reserves, collection charges profits on sales of foreign coin, and sundry smaller profits.

Of the total expenses of operation of the banks proper, exclusive of their fiscal agency departments, $7,103,547, or about forty-six per cent., as against forty-two per cent. the year before, went as compensation to the clerical staff, and $1,418,144, or about nine per cent., as against 11.5 per cent. in 1918, as salaries to bank officers. Compensation of special officers and watchmen, also of extra help, overtime pay, and supper money account for $1,375,311. or about nine per cent. of the total expenses of operation; $902,547, or six per cent., as against ten per cent. the year before, went for postage and expressage, and $829,178, or about 5.5 per cent. for printing and stationery. Contributions of the banks for the support of the Federal Reserve Board totalled $594,818, as against $382,641 the year before, and constitute about four per cent. of the banks' total operating expenses, compared with 4.5 per cent. for 1918.

Rent paid by the banks totaled $613,988, compared with $369,122 in 1918. the New York and Chicago banks reporting the largest increases under this head. All the banks have invested in bank premises, but most of them for the present find it necessary to transact the bulk of their business in rented quarters. Total book value of investments in bank premises at the close of the year, after allowing $2,649,918 for depreciation, stood at $10,156,318, compared with $8,081,841 at the beginning of the year.

Building Spells Public Service

Tacoma Bank's New Home Will Broaden Scope of Institution's Usefulness



New Home being erected for the Scandinavian American Bank of Tacoma, Wash.

WHEN the officers and directors of the Scandinavian American Bank found that a new building was necessary, in order to carry on their rapidly increasing business, they decided to accept plans for a monumental structure that would reveal at once the conservative dignity and strength that is synonymous with prudent bank management.

It is unnecessary to point out here the remarkable increase of business in all departments of the bank during the last three years and the tremendous in-

fluence which the new bank building will exert in winning and holding future business and in keeping the employees in that frame of mind that will induce them to extend to customers prompt and cheerful service. Here, then, is a building that proclaims its individuality and practicability but even more, it represents invaluable prestige by impressing upon the public the personality of the institution.

The plans for the new home of the Scandinavian American Bank provide for a structure of distinctive and beautiful design, built of terra cotta and granite. Not the least attractive feature is the finish of the interior. No one will challenge the statement that, so far as an office is concerned, it is the first intimate point of contact between the public and the business man. An office impresses itself upon the customer more than any other part of the structure. It is, therefore, a detail that can and should be made a factor of value.

The walls of all offices in the building will be finished with several coats of paint and the woodwork will be of the finest grain mahogany. On the ground floor the walls will be lined with selected English vein Italian marble and the floors with light Tennessee marble with a border of Verde antique. All hall floors above the ground will be in Tennessee marble with a sanitary cove base to eliminate dirt and dust. In front of the elevators on each floor will be rubber tile, three feet wide, to insure a safe foothold for passengers.

Regarding transportation, it is a well known fact that "a building is no better than its elevator service" and in this respect the new building will predominate. Four gearless traction sheave-type Otis elevators will be installed with a carrying capacity of 2,500 pounds and a speed of 600 feet per minute, fully loaded. In addition to six lifting cables each car will have compensating cables to insure the maximum of smooth running and easy riding. Besides the usual safety appliances each car will be equipped with a special wedge clamp device to bring the car to a gradual but positive stop in case of emergency. Openings to the elevators on each floor will be of polished steel and wire plate glass, protected with a locking arrangement which will prevent the operation of the car until the door is closed and locked. The freight elevators will have a carrying capacity of three tons.

The heating system will be the two-pipe vacuum type known as the Webster modulation system, which is proving most satisfactory in the Northern cities when plenty of heat is required.

There will be twenty-two rooms on each floor varying in size from 12 by 13 to 15½ by 17½ feet. Each floor will have about 5,000 feet of rentable area. On Eleventh street there will be a court 36 feet wide which insures all space with the maximum light. The floor plan is flexible and suites can be arranged with as many as ten private offices. Three floors will be especially equipped for doctors and dentists, with the most modern appliances known to the profession. There will be lavatories for men and women on each floor and each office will have hot and cold water. On top of the building will be a rest room and roof garden for the exclusive use of the women employed in the building with a competent matron in charge.

In every respect the building will be most modern and the location is one of the best in the city. Added to this will be the best service the management knows how to give. Service and courtesy are the watchwords which will make the Scandinavian American Bank building one of the most popular on the coast.

Converting Saloons Into Banks

ONE thing that was not stipulated in the Prohibition Amendment was what disposition should be made of former saloons, bars, cafes, etc. This apparently was left to local option.

Down in New Orleans the Hibernia Bank and Trust Company has made four decisions on this question—namely,

four branch banking houses in buildings which formerly were retail wet goods stores. And so in the year one, A. P. (meaning the first year after prohibition), these four ex-thirst-emporiums have been converted into substantial, up-to-date banking offices.

The more recent of these is the Decatur Street Branch, a handsome two-story branch bank which the Hibernia Bank has constructed in the old French quarter of New Orleans, directly opposite the famous French Market. This office is well appointed and is equipped so as to extend its patrons every financial service. It will be under the management of Mr. Carlo Papini, vice-Italian consul at New Orleans.



Decatur Street Branch Hibernia Bank and Trust Company, New Orleans

Another branch which will be constructed immediately is the Dryades Street Branch, opposite another famous old market, the Dryades Market. This location was noted in the years B. P. (before prohibition) for the character—or lack of character—of the saloon marking its site. It will speedily be converted into a marble and mahogany service institution.

Algiers—the West Side of the Mississippi River opposite New Orleans proper—has been included in this banking house magic. The Algiers Branch of the Hibernia Bank now stands where once was a building with doors cut high from the pavement. (This branch, by the way, has been open for five months and has enjoyed a profitable existence. It shows substantial deposits and bespeaks the progressive, industrial nature of the West Side.)

And now the Jefferson Branch, located in the upper section of New Orleans. This branch is a flourishing institution, and has recently completed the construction of a handsome new home of Bedford limestone. It serves the populous community of upper New Orleans.

Thus the Hibernia Bank is answering in a very practical and constructive manner the age-old question which prevailed B. P.: What will become of the real estate now occupied by saloons if prohibition succeeds? Is a well appointed banking house preferable to a saloon?

The Hibernia Bank says "yes!"

Responsibility to Society

THE great need of the time, in the midst of all the agitation, is a larger sense of responsibility to the whole social body on the part of every class and group. There is need of clearer appreciation of the fact that each individual and group is bound to seek its own welfare by means which also promote the welfare of all, and not by means which are harmful to the social body. This is not the time to emphasize group interests. There is too much class consciousness and exaggeration of class grievances. Nobody makes much headway by dwelling on his grievances, particularly if they are imaginary, which is usually the case. It is perfectly certain that if every group and individual in the industrial organization would determine for the next year to give its best efforts to the single-minded purpose of increasing production so far as lies in its power, a wonderful improvement in general conditions would ensue, and every group and individual would share in the benefits.—*National City Bank, New York.*

Book Reviews

SELLING YOUR SERVICES. By George Conover Pearson. New York: Jordan Goodwin Corporation.

This is a very interesting and readable book "for the man who has no job, the man who has not the kind of job he desires, and the man who feels he has reached his limit in his present job." The reader will find it valuable to him in seeing whether he is putting the best of himself in his work, and to see what he can do to improve his services, even in the position he holds. As the author has said in one of his chapters: First consider your best prospect, that is your present employer.

Men of high standing in education have expressed the belief that John Caldwell, to whom the book is dedicated, has begun a new phase of educational work in teaching men *how to find* the places for which they are best fitted. The book contains lectures delivered by Mr. Caldwell and edited by the author.

AMERICA'S MERCHANT MARINE. New York: Bankers Trust Company.

This is a presentation of the history and development to date of America's Merchant Marine with chapters on related subjects. It has been compiled by the Bankers Trust Company in recognition of the national interest in the American Merchant Marine. The work is strictly accurate, having been examined by leading maritime men. Captain C. A. McAllister, vice-president of the American Bureau of Shipping and secretary of the U. S. Shipping Board Navigation Laws Revision Committee, in his letter says:

"I have no hesitancy in pronouncing your treatise on this subject as the best and most comprehensive handling of the subject that I have ever seen."

The book can be depended upon as an authentic reference for shipping men, exporters and importers and moreover, is of particular interest to all who wish to acquaint themselves with this subject for their own general knowledge.

INVESTMENTS. By David F. Jordan, B.C.S. New York: Prentice-Hall, Inc.

A serious attempt is made in this book to present the subject of Investments in a manner both simple and reasonably complete. The book was written for the use of investors and of persons professionally engaged or about to be engaged in investment work. Though theoretical in parts the average reader will be interestd in such a practical chapter as "Reading the Financial Page, or "Real Estate Mortgages."

A CENTURY OF PRICES. By Ex-Senator Theodore E. Burton and G. C. Selden. New York: The Magazine of Wall Street.

The chapters in this book first appeared in "The Magazine of Wall Street" and were widely commented upon for their unusual originality and practical bearing of the principles developed upon the actual work of the business man and investor. Ex-Senator Burton is one of the world's leading authorities on prices and their relation to economic and financial conditions. Mr. G. C. Selden is internationally known for his thorough analysis of the effects of economic factors on business and investments. The subject is treated concisely and interestingly.

BONDS AND THE BOND MARKET. March edition of The Annals. Philadelphia: The American Academy of Political and Social Science.

This issue of The Annals explains the bond market from a fourfold standpoint: the features of bonds and the services of the investment banker, the present problems and tendencies asso-

ciated with the various types of American and foreign government and corporate bonds, leading problems of current interest to the bond market in general, and the record of bond prices and factors that govern such prices.

The book is edited by S. S. Heubner, Ph.D., professor of Insurance and Commerce, University of Pennsylvania. Each article on a specific subject, such as Railroad Bonds, Real Estate Bonds, Effect of Taxation on Securities, has been written by a man knowing his subject well, and all are carefully linked together as interesting reading for the general public who are not acquainted as yet with the technicalities of the bond market.

GERMANY'S COMMERCIAL GRIP ON THE WORLD. By Henri Hauser. New Edition with preface by Prof. J. Laurence Laughlin, New York: Charles Scribner's Sons.

This is a new edition of Henri Hauser's masterful work on Germany's commercial world policy. Prof. Laughlin says in his preface:

"As Chéradame has exposed the military and Pan-Germanistic designs of Germany in the East, so Henri Hauser in this volume has reported in striking fashion her economic and industrial methods of penetration into other countries. Chéradame's work is supplemented by that of Hauser. The former has shown how Germany expects to profit by the war; the latter has explained how she gained the economic power to strike the blow. I know of no other available authority who has so fully and intelligently explained the methods by which Germany has gained her remarkable position in the markets of the world."

PROCEEDINGS OF THE EIGHTH ANNUAL CONVENTION OF THE INVESTMENT BANKERS ASSOCIATION OF AMERICA. Chicago: R. R. Donnelley and Sons Company.

This book, compiled by Frederick R. Fenton, Secretary of the Investment Bankers Association of America, includes the Constitution and By-Laws, List of Officers and Members, and Committees of that Association. The annual convention was held October 20, 21 and 22, 1919, at St. Louis.

The File Eaters

By MISS M. M. MARTIN

[*With profound apologies to Mr. Kipling and his "Vampire," who in her busiest days never devoured hearts in the numbers that some people absorb files.*]

A file there was, and it made its way
From the Credit Department one sunny day,
We had sent for it—you and I.

That file was new to the game just then,
It thought it would soon be home again.
But it didn't know some New Business men
As we do—you and I.

It wandered far and it wandered wide;
(There's many a place for a file to hide
When it makes up its mind to roam),
'Till it came to the place where the File Eaters dwell;
What becomes of their files they never will tell,
But they never again reach home.

Oh, the years we spend; and the tears we spend!
And the work of brain and hand!
While the file lies there in the dark desk drawer
Where many a file has lain before—
Forgotten and unscanned.

And the men who want files may rave and shout;
When we ask for "that" file they will say, "Charged Out,"
But we know its fate beyond a doubt.
And mourn for it,
You and I.

—*From the M. & M. Journal.*

Established 1810

THE MECHANICS & METALS NATIONAL BANK

of the City of New York

20 Nassau Street

Capital, Surplus and Profits	Deposits, Dec. 31, 1919
$18,000,000	$274,000,000

THE highest character of service extending to all parts of the world, is placed at the disposal of our customers. We are amply equipped to handle your banking transactions, and offer our service to you in the assurance that it can be utilized in a thoroughly acceptable and efficient manner.



To Bankers

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Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts Upon Questions of the Law of Banking and Negotiable Instruments

PENNSYLVANIA UNCLAIMED DEPOSIT LAW

The decision of the Supreme Court of Pennsylvania, upholding the constitutionality of the Pennsylvania statute, regulating the report of unclaimed deposits and their payment to the State, was published in the March issue.

The reading note, preceding the decision, indicates that the statute was declared constitutional, but, through an oversight, the headline states that the statute was held unconstitutional. We wish to call attention to the misstatement contained in the headline and to correct any erroneous impression that may have been caused thereby.

Rights of Bank Discounting Draft Attached to Bill of Lading

Frontier National Bank of Eastport, Appellate Court of Indiana, 126 N. E. Rep. 40.

THE shipper of goods drew drafts on the consignee, indorsed them to a bank and delivered them to the bank, attached to the bills of lading covering the shipments. The bank discounted the drafts and placed the proceeds to the credit of the shipper. Upon the arrival of the goods at their destination the consignee refused to pay the drafts or to receive the goods. The goods were placed in a storage warehouse and, while there, were attached by a creditor of the shipper. It was held that the rights of the bank in the goods were superior to those of the attaching creditor.

OPINION.

Action by Isadore Salinger and another against the American Sardine Company, in which the Frontier National Bank of Eastport, Me., intervened. From a judgment in favor of plaintiff the intervener appeals. Reversed, with instructions to grant new trial.

McMAHAN, J. This is an action by the appellee, Isadore Salinger against the American Sardine Company to recover a sum of money alleged to be due and owing him on account of cash laid out and expended for the benefit of the sardine company and for brokerage commissions, and to enforce the collection thereof by the attachment of certain canned sardines and fish stored with the appellee Shank Furniture & Storage Company. By agreement the attached property was sold and the proceeds paid to the clerk of the trial court pending the action.

The appellant filed an intervening petition, alleging that it was the owner of the goods attached and entitled to the proceeds arising from the sale thereof. The issues being closed, the cause was tried by a jury, and resulted in a verdict and judgment for the appellee Salinger for the amount of his demand and also on the issue in attachment, directing that money in the hands of the clerk be applied on the judgment.

The contention of appellant is that the court erred in overruling its motion for a new trial, for the reasons that the verdict is not sustained by sufficient evidence and that it is contrary to law.

The evidence shows that in August, 1915, the American Sardine Company shipped the goods which were attached from Eastport, Me., by common carrier to Indianapolis. There were two separate bills of lading. Part of the goods was consigned by E. W. Brown Company to themselves and assigned to the American Sardine Company, who in turn assigned the same to the appellant. The appellant was the consignee named in the other bill of lading. The goods mentioned in both of said bills of lading were shipped by

the sardine company to Indianapolis, with directions to notify J. P. Michael Company of their arrival. Upon receiving said bills of lading the sardine company, through the appellant, drew two drafts on J. P. Michael Company for $175.82 and $522.05, respectively. Both of said drafts were indorsed by the sardine company to the appellant and the amount of said drafts to-wit, $697.87, was placed to the credit of the sardine company on the books of the appellant bank. For some reason not disclosed by the evidence J. P. Michael Company did not accept the goods or pay the drafts which had been forwarded by appellant to its correspondent in Indianapolis for collection. Following the dishonor of the drafts, appellant notified the sardine company, through a broker in Indianapolis, undertook to bring about a settlement with J. P. Michael Company, and failing in that directed the broker to sell the goods to other parties if he could do so.

The drafts were never paid, and at the time of the trial had not been taken up by the sardine company. After the arrival of the goods in Indianapolis they were stored in the warehouse of the appellee Shank Furniture & Storage Company, where they were located at the time this action was commenced, and the goods attached as the property of the sardine company.

The appellant contends that under the facts the title of the property described in the bills of lading vested in it. Appellant and appellee have each assumed in this appeal that the sardine company was named as the consignee in both bills of lading, and appellee's contention is that the assignment of the bills of lading to the appellant does not preclude an inquiry into the transaction surrounding the assignment; that while the indorsement of a bill of lading presumptively transfers the title to the property, the intention of the parties will control: and that there is sufficient evidence in this case to have warranted the jury in finding that the sardine company retained the right of alienation, and that the property was subject to be attached as its property.

It is well settled that a bill of lading is a muniment of title quasi negotiable (Pattison v. Culton, 33 Ind. 240, 5 Am. Rep. 199), and at common law transferable so as to pass title to the goods in transitu, when such is the intention of the parties, as effectually as if the goods themselves had been delivered (4 Am. & Eng. Ency. of Law [2d Ed.] 546).

"Where the consignor draws on the consignee for the purchase money, and the draft with the bill of lading attached is indorsed or transferred to some one who discounts the draft, a special property in the goods passes to the transferee, subject, however, to be divested by acceptance and payment of the draft. Under these circumstances the goods are pledged for the payment of the draft, and the party paying the draft is entitled to possession of the goods until the draft is paid in full. The position of the transferee, it is said, is similar to that of a mortgagee in possession, and he is under no necessity to file papers to preserve his lien. This right of the transferee before payment of the draft is superior to that of the shipper, and in the absence of any showing of fraud is superior to that of the shipper's attaching creditors, for the reason that no attachable interest remains in the shipper. The rule applies, although no money has actually been advanced to the consignor before the attachment. It is sufficient that the consignor has been given credit therefor. In the application of the rule it is likewise immaterial that the party paying the draft had obtained a guaranty from the consignee that the draft would be paid. The rule also applies whether the party purchased or was merely a pledgee of the draft." 10 Corpus Juris, 202, section 267, and authorities cited.

In Walsh v. First National Bank, 228 Ill. 446, 81 N. E. 1067, it was held that the indorsement and delivery by a shipper of a bill of lading of a shipment of flour, with a sight draft

attached to a bank who credited the shipper's account with the amount of the draft, operated as a symbolical delivery of the flour and vested the title in the bank.

"The transaction," said the court, "between the appellee and the milling company was an ordinary business one of everyday occurrence, entirely free from fraud or fraudulent intent. There was no claim of fraud or collusion affecting the rights of appellant or any creditor. * * * In such a case an attaching creditor only obtains the rights which the debtor has in the property at the time of the levy of the writ. One claiming to be the creditor of another and levying a writ of attachment is not a bona fide purchaser for a valuable consideration. He parts with nothing in exchange for the property, and does not take it in satisfaction of his claim or debt. * * * The milling company had transferred the flour to the appellee by the indorsement and delivery of the bill of lading, and appellee had given credit on the deposit account for the amount of the draft. The milling company would have no right to repossess itself of the flour without payment of the draft, and appellant has no better right. This is true whether the amount of the credit by the bank had been checked out or not." This is a correct statement of the rule as applied to the facts in this case, and is well supported by the authorities.

The fact that the sardine company, after the failure of J. P. Michael Company to receive the goods shipped, attempted to effect a settlement with Michael Company and, failing in that, to have the goods sold by a broker to some other person, does not change or affect the rights of appellant.

We hold that the verdict is contrary to law, and that the court erred in overruling appellant's motion for a new trial.

Judgment reversed, with instructions to grant a new trial and for further proceedings in accordance with this opinion.

Payment of Deposit to Minor

Smalley v. Central Trust & Savings Co., Appellate Court of Indiana, 125 N. E. Rep. 789.

Deposits of minors are frequently a source of perplexity to banks. In this case a most unusual and unreasonable demand was made on a bank, in connection with a deposit of this kind.

At the time when the deposit was made the depositor was a married woman, who had not quite attained her majority. The deposit, amounting to $1,600, was made in her name in the defendant bank.

A short time afterwards, and while still under the age of 21, she signed in blank a check on the defendant bank and gave it to her husband, it being understood between them that he was to use it for the purpose of withdrawing $160. He had an official of the bank fill it out for $225 and withdrew that amount.

Later she gave him another blank check and with this he drew out the entire balance and placed it in another bank in his own name. She found out what her husband had done, presented her pass book to be balanced and received the two canceled vouchers, showing the account closed out, without making objection.

The husband then abandoned his wife, taking with him what was left of the $1,600. Criminal proceedings were started against him. These were dropped upon his paying to her $800 and she signed a paper to the effect that she accepted the money "in full satisfaction of any and all sums of money had and received from her." This paper was signed after she had become of age.

Notwithstanding all this she proceeded to make demand upon the bank for the entire deposit. The bank naturally refused and she brought suit, her theory being that the bank had paid the money during her minority at its peril.

The court held that the bank was protected in paying the checks, laying down the rule that a bank assumes no

risk in paying a deposit to a depositor, even though the latter is a minor. Furthermore, by making settlement with her husband, after arriving at the age of 21 years, she ratified the payments by the bank.

Some states have a statute covering deposits of minors. Section 148 of the New York Banking Law provides: "When any deposit shall be made by or in the name of any minor, the same shall be held for the exclusive right and benefit of such minor, and free from the control or lien of all other persons, except creditors, and shall be paid, together with the interest thereon, to the person in whose name the deposit shall have been made, and the receipt or acquittance of such minor shall be a valid and sufficient release and discharge for such deposit or any part thereof to the bank."

Had there been a statutory provision in this form in force in Indiana the bank would probably have been saved the expense of defending itself from this unreasonable claim.

OPINION

NICHOLAS, C. J. This action was by appellant against appellee, to recover $1,600 which had been deposited by her when a minor with appellee, and paid out by appellee on checks issued by appellant. The pleadings consisted of a complaint, nine paragraphs of answer, and ten paragraphs of reply, with motions and demurrers. All questions presented by the pleadings, and necessary to this decision, are presented by the court's special findings of fact and conclusion of law, which in substance are as follows:

On February 8, 1911, appellant was over 18 years of age, and under 21 years of age, and was married to Everett Smalley, who was over 21 years of age. Appellant and her husband were then living together, and so continued for several months thereafter. Appellant was not then or thereafter under guardianship. On said date she was in possession of $1,600 which was her own property, and deposited it with appellee subject to check, and with said money opened a checking account with appellee, at which time appellee furnished appellant with a passbook showing such deposit duly credited thereon, and furnished her with blank checks to use in checking against said deposit. On February 9, 1911, appellant executed her check in blank, by signing her name to a blank check on appellee's bank, leaving the name of the payee and the amount blank, and delivered such check to her husband, with authority and permission to write the name "Everett Smalley" as payee, and the words and figures $160 in the blank for amount. On said day said Everett Smalley presented said check so executed by appellant in blank to the president of appellee at its bank and place of business in the city of Newcastle, Ind., and instructed and directed said president to write the name of "Everett Smalley" in the space for payee, and the words and figures $225 in the space for amount, all of which said president did, whereupon said Smalley indorsed his name of said check, and appellee by its president paid to said Smalley the amount of said check, to wit, $225.

On February 17, 1911, appellant executed another check in blank, the same as the first one, and delivered it to her husband, who took the same to the Mooreland State Bank, at Mooreland, Ind., and directed the officer in charge of said bank to write the name of "Everett Smalley" in the space for payee, and the words and figures $1,375 in the space for amount of such check, which such officer did: whereupon said Smalley indorsed said check across the back thereof, and deposited it to his own credit in said Mooreland State Bank, and he was given credit therefor by said Mooreland State Bank. Said Mooreland State Bank indorsed said check in due course of business and forwarded it to the Citizens' State Bank of Newcastle, Ind., which, in turn, indorsed it and presented it to appellee, who paid it and received such check from the Citizens' State Bank. Soon thereafter, appellant learned that appellee had so de-

posited said $1,375 to his own credit, but made no objection thereto. At said time she was living with her husband, and their relations were harmonious and friendly. In May, 1911, appellant visited the bank of appellee, and procured her passbook to be balanced, which was done, showing all of her deposit checked out, at which time there was delivered to her the checks hereinbefore mentioned. She received such passbook, so balanced, and said checks, without protest on account of the checks or the payment thereof. Said husband, from time to time, drew small checks against said deposit in the Mooreland State Bank, and about August 5, 1911, he withdrew the entire balance of said deposit, deserted his wife and absconded from the state of Indiana. Said checks upon appellee were the only demands in writing by check or otherwise made by appellant for said money so deposited by her with appellee, either before or after the bringing of this suit; but her attorney, before bringing this suit, demanded an accounting, which was refused, and appellee at said time denied all liability.

At the April term, 1913, of the Henry circuit court, appellant commenced an action by her next friend, against appellee, for the recovery of said $1,600, which action was dismissed by appellant, before any trial or hearing was had. Appellant on August 16, 1911, filed in the Henry circuit court her affidavit against her said husband charging him with wife desertion. August 4, 1914, one George Mahoney filed in said court his affidavit charging said husband with the larceny of appellant's money. January 1, 1914, appellant filed in said court her affidavit charging her said husband with child desertion. On proper writs, said husband was arrested in the state of Ohio and returned to Henry county, Ind., where, in default of bail, he was committed to jail, pending the trial of the charges against him. During the pendency of said criminal proceedings, appellant filed in said court her complaint against her said husband for divorce charging desertion and nonsupport of wife and child, and adultery, and praying a divorce, the custody of the child, and all other proper relief. During the pendency of such divorce and criminal proceedings, she entered into an agreement with her said husband by the terms of which, in consideration of the payment to her of $800, the receipt of which was acknowledged, she agreed that said criminal charges should be dismissed, and that no other charges growing out of the relations of the parties should be instituted, and that she received said sum in full satisfaction for any and all sums of money had and received from her by her said husband, and any and all claims for alimony and support of child. At the time of filing said action for divorce, and at the time of receiving said sum of $800, and of executing said agreement, and at the time of the commencement of this action, appellant was of the full age of 21 years. Appellee, in receiving and paying the checks involved, acted in good faith, in regular and due course of its business, relied upon the signature to such checks, and without any notice or knowledge of fraud or deception practiced upon appellant by her said husband. After the execution of said agreement, appellant prosecuted her action for divorce to final judgment, and was granted a divorce. On these facts, the court concluded that the law was with appellee, that appellant take nothing, and that appellee recover costs.

After appellant's motion, for a new trial, which was overruled, judgment was rendered for appellee, in harmony with the conclusion of law, from which judgment appellant prosecutes this appeal. We only need to consider the assignment of error that the court erred in its conclusion of law.

Under the law of this state, appellant, by her marriage, was emancipated from guardianship, and, at the time of the transaction complained of, she had no guardian and could have none. It is not disclosed by the findings, or by the evidence, as to whether she had received the money involved from her guardian in settlement. Certainly she could have lawfully so received it. From whatever

source it was received, it was her own property, and under her own control. What should she have done with it? Should she have kept it on her person, and dealt it out from time to time as necessity required, or should she have deposited it in a reputable banking institution, until she required it? All are ready to say that this latter course was the sensible one for her to pursue. But, if appellant's contention is correct, she could not so deposit her money except at the risk of the bank refusing to repay it to her, until she is 21 years of age, and the bank would have been fully justified in so refusing, for any payment to her or to her order would have been at its peril. It would have assumed the risk that at her majority she would disaffirm the payment and demand her money again. It is the common practice of banking institutions to accept the deposits of minors, sometimes of children, of their earnings, for Christmas saving, or for the purpose of accumulating for some other definite purpose, or as a means of training such depositors in habits of frugality. But if such deposits cannot be repaid to the minor depositors until they have reached their majority, then such banking business must of necessity end, for the banks cannot afford to assume the risk. Appellant must fail in her contention. We hold that when appellant deposited her money in appellee's bank, as she had a lawful right to do, the relation of debtor and creditor between the appellee and appellant was created; that appellant had a right to her money again; that it was the duty of appellee to restore it to her, upon a proper check or demand; and that the bank assumed no liability in so doing. Hobbs v. Godlove, 17 Ind. 359, 362.

We do not by this decision disturb the general rules of law as to the validity of contracts of minors. We do hold, however, that where a minor is in absolute and lawful possession of money as her own property, whether from the proceeds of settlement with her guardian, as compensation for services rendered, or from any other lawful source, and puts it in a bank, or other place of safe-keeping, rather than to carry it on her person, she has a right to reclaim it at any time, even though she is yet a minor, and the person or institution so paying it to her assumes no risk in so doing. Appellant admits that she signed said checks, and delivered them to her husband, thereby enabling him to receive all of her money from appellee, who dealt with her through him, in good faith, and without any knowledge of any deception practiced or to be practiced upon her by him. Afterward, and when she was of full age, and when she knew all the facts, she ratified the transaction, by a settlement with her husband, receiving from him $800, "in full satisfaction of any and all sums of money had and received from her by her said husband." Having once received "full satisfaction" from the one who justly owed her, she must not now be permitted to disaffirm the transaction and recover again from appellee. Having elected to ratify the transaction, admitting in the settlement that her husband had received the money from her, she cannot now be heard to say that appellee still holds it. This is in harmony with the general doctrine of election. Strosser v. City of Ft. Wayne, 100 Ind. 443, 452; American Car & Foundry Co. v. Smock, 48 Ind. App. 359, 91 N. E. 749, 93 N. E. 78. Appellant has been wronged, but not by appellee.

The judgment is affirmed.

Drawing of Legal Papers by Trust Company

People v. Title Guarantee & Trust Co., New York Court of Appeals, 125 N. E. Rep. 666.

Section 280 of the Penal Law of New York provides that "it shall be unlawful for any corporation * * * to hold itself out to the public as being entitled to practice law, or render or furnish legal services or advice, or to furnish attorneys or counsel or to render legal services of any kind," etc.

Two detectives, employed for that purpose, called at the office of a trust company, stated that one of the two was selling a business to the other for a certain sum, part of which was to be paid in cash. They wanted a bill of sale and a chattel mortgage drawn up. The papers were prepared and a fee was paid and charged for the service.

The court found that the company had not held itself out as being entitled to practice law; nor did it appear that the employees of the company were asked for legal advice or that they gave any in respect to the instruments which were prepared.

It was held that the company had committed no offense under the statute above referred to.

In a concurring opinion one of the judges observed that, while the isolated instance here involved, would not constitute an offense, a trust company may not make it a business to prepare even simple legal paper for all who apply.

OPINION

HISCOCK, C. J. The appellant, originally incorporated under another name, was authorized "to guarantee bonds and mortgages and titles to real estate," and "to make and cause to be made and to purchase and to pay for all such searches, abstracts, indices, maps and copies of records as the trustees thereof may deem necessary," and for a long time has been engaged in the prosecution of this business.

It has been convicted of a violation of section 280 of the Penal Law (Consol. Laws, c. 40) prohibiting the practice of law and rendition of legal services by a corporation, and of which section the presently material provisions read as follows:

"It shall be unlawful for any corporation * * * to hold itself out to the public as being entitled to practice law, or render or furnish legal services or advice, or to furnish attorneys or counsel or to render legal services of any kind in actions or proceedings of any nature or in any other way or manner, or in any other manner to assume to be entitled to practice law. * * * This section shall not apply to any corporation * * * lawfully engaged in the examination and insuring of titles to real property. * * * [And as amended in 1916:] But no corporation shall be permitted to render any services which cannot lawfully be rendered by a person not admitted to practice law in this state."

The evidence upon which, if at all, the conviction of appellant must rest, is in substance as follows:

Appellant printed and kept for distribution a booklet of which the cover and each page were entitled "Fees for the Examination of Titles." There was contained in it the statement:

"In all counties, fees for drawing and recording papers and fees for surveys are in addition to the regular charges. Survey charges are found on pages 17-28 and charges for drawing and recording papers on pages 29 and 30."

On page 29, which had the additional heading, "Average Charges for Drawing Papers," was found the item, "Bill of Sale (Brooklyn & Queens) $3.00."

On the occasion of the commission of its alleged offense, two detectives employed for that purpose visited the appellant's place of business in Brooklyn. Following directions given in answer to their inquiries they came to one of appellant's employes to whom one of the detectives explained that he was selling a store to the other for a given sum, of which part was to be paid in cash, and that he desired a bill of sale and chattel mortgage to be drawn. He gave to appellant's employe, in response to his request therefor, a list of the merchandise which it was claimed was involved. This employe then passed the detectives to another employe, who took and filled out in pencil blank forms of a chattel mortgage and bill of sale, which do not appear to have been prepared by the appellant, and gave them to a stenographer to be filled out. This stenographer returned them to the last employe who looked them over, placed a seal on them, inquired the rate of interest, and stated that the date of execution, which was left blank, could be

filled in when the papers were executed. For thus preparing these papers, fees were charged and paid. There was evidence that on some subsequent occasion some employe of appellant prepared some other instrument of the same general kind as those involved in this proceeding.

In the consideration of the substantial and final question presented to us we can readily eliminate certain provisions of the statute and certain questions of evidence which have been a subject of discussion. Manifestly the provision in the statute that it "shall not apply to any corporation * * * lawfully engaged in the examination and insuring of titles to real property" is not to be taken literally. So far as concerns this case, small controversy, if any, arises in respect of its meaning. On the one side it is not seriously denied that it would permit appellant, or save to it the right, to do the acts which are involved here, if they were an incident to its business and were necessary to place in insurable condition a title which was submitted to it for guaranty. On the other hand, it is not argued that it would enable appellant to prepare the instruments which on this occasion it did prepare, if they were not thus incidental to and connected with the conduct of its authorized business, and were otherwise prohibited.

Under this interpretation of its powers, we think that the evidence furnished by the booklet referred to is ineffective to sustain the present conviction. We think that, in the light of all of the evidence derived from this booklet, the price advertised for drawing bills of sale is to be regarded as applicable to those who might be lawfully prepared as an incident to its regular business, and is not to be regarded as an advertisement holding out the appellant as soliciting and engaged in the business of drawing bills of sale in such manner as would amount to the practice of law. Also, in the view which we take, the evidence that subsequently a similar instrument was prepared by appellant's employe is of no importance. We do not think that there is a word of evidence which fairly sustains the contention of the prosecution that appellant's employees were asked to or did give legal advice leading to or in respect of the instruments which were prepared.

So, stripped of inconclusive features and freed from unsupported claims of evidence and eliminating any consideration of the principle of ultra vires, the bare and decisive inquiry becomes whether a corporation, which, without giving any advice leading to and consummated therein, prepares a bill of sale and chattel mortgage by filling out blanks upon and in accordance with the specific direction of a purported customer, is rendering legal services or holding itself out as entitled to practice law. Under the circumstances of this case the general inquiry really is reduced to the narrow one whether this amounted to rendering legal services, for as we have pointed out there is no evidence that the appellant held itself out as entitled to practice law, unless it did so by performing legal services whereby law would be practiced. I think that a negative answer must be given to this inquiry.

In approaching the decision of the question, and at the outset, we ought to consider what must have ben the purpose of the Legislature in enacting the statute. That purpose seems obvious. There are certain fundamental requirements and features which, according to our conception, in this state attend and surround the practice of law and rendition of truly legal services. These are the possession of sufficient knowledge and skill, the existence of a relationship of trust and confidence upon which the client may securely rely and the power of courts to use summary proceeding, if necessary, to enforce on the part of the attorney observance of the obligations and duties growing out of this relationship. A corporation could not adequately comply with and subject itself to these requirements, if there were no penal statute. Through the employment of attorneys as its agents it might fairly meet the requirements of knowledge, skill and ordinary legal responsibility; but it could not establish a rela-

tionship of confidence, and be subject to summary control, as an individual attorney can. Matter of Co-operative Law Co., 198 N. Y. 479, 92 N. E. 15, 32 L. R. A. (N. S.) 55, 139 Am. St. Rep. 839, 19 Ann. Cas. 879. Therefore the statute undertakes by its prohibitive provisions to forbid a corporation to attempt or pretend to do what it cannot satisfactorily or fully do, by holding itself out as an attorney and by professing to perform services of such a nature that their performance ought to be safeguarded by those principles and methods which can be applied to an individual and cannot be applied to a corporation. This purpose to prevent a corporation from simulating the character of an attorney and from essaying to render such services is clearly indicated by the language of the statute. The corporation is forbidden to practice or appear "as an attorney at law," or to make it a business to practice "as an attorney at law," or "to assume to be entitled to practice law," or to assume, use or advertise the title of lawyer or attorney, or attorney at law, or equivalent terms in any language in such manner as to convey the impression that it is entitled to practice law."

On the other hand, no convincing reason is suggested why a corporation should be punished for performing an act which, because of simplicity and lack of confidential character, it has not been thought necessary to confide to the exclusive care of attorneys, but which may be performed by a layman. Not only common sense, but the wording of the statute itself, dictates this view. This appears in that amendment to the statute which, after provisions that the section should not apply to corporations in certain cases, reads:

"But no corporation shall be permitted to render any service which cannot lawfully be rendered by a person not admitted to practice law in this state."

This sentence characterizes the purpose of the entire statute and outlines the final test. Various direct and specific prohibitions and exceptions conducive of special exceptions like that applicable to appellant have been enacted, but in the end we come to the controlling declaration that, whatever else may or may not have been said, a corporation shall not be permitted to do anything in the way of practicing law or rendering legal services which could not be performed by a layman. That sums up the final legislative thought, and suggests the standard by which, if there be inadvertance or doubt elsewhere, the character of a given act may be measured.

Thus in the light of this apparent purpose of the statute, and in the absence of specific definitions, it seems that the best and controlling test by which to determine whether the given acts constituted practice of law or rendition of legal services is by the answer to be given to the underlying inquiry whether such acts were ones which had been committed to the exclusive charge of attorneys or were those which might be performed by a layman. In this inquiry I do not regard it as decisive that such an act is one which is commonly performed by an attorney. That might be a matter of habit or convenience. The inquiry is rather whether it is one which might lawfully be performed by a layman. This is to be decided by the nature of the act, and not by the identity of the individual who most frequently performs it. That in effect has been determined many times, when the courts have refused to lay their hands summarily upon an attorney for the purpose of correcting transgressions in a transaction which was not undertaken by him in his character of attorney.

The appellant has argued with much vigor and learning the proposition that notaries public and scriveners in foreign countries, especially England, without being admitted to the bar, from time immemorial have been permitted to do conveyancing, and from these historical facts draws the conclusion that by analogy notaries public and laymen are entitled to draw conveyances in this state. The history of notaries and scriveners does somewhat support this view. While these men were compelled to prepare for their avocation, and their admission

and practices were subject to rules and regulations, they nevertheless were not fully admitted members of the legal profession, and therefrom flows the inference that, while it was thought necessary that they should have preparation, it was not regarded as necessary that they should be fully and completely members of the legal profession in order to render these services.

But I think there is a stronger argument in favor of the contention that a layman at the time of these occurrences was permitted to draw such simple instruments as those here involved were, without being subject to criminal punishment. We may take judicial notice of a widespread custom, which has prevailed from time out of memory in this state, and, doing so, we know that laymen have been accustomed to draw such instruments, not merely as a matter of accommodation for friends and neighbors, but for pay. It probably would not be too much to say that in many rural communities more were drawn by laymen than by attorneys, and of course, if it was lawful for a layman to draw such an instrument in such a community, it was also lawful in a more urban one. While the Legislature might differentiate those conditions, we could not. Moreover, such practice has not been confined to such communities. We know that in cities constantly men engaged in the real estate business and banks have prepared for their customers such instruments without doubt or criticism.

The Legislature, when it enacted, not only section 280 of the Penal Law, which we have been considering, but also section 270, relating to the practice of law by an individual without being admitted and registered, was charged with the same knowledge of prevailing customs and practices with which we are chargeable. Its members knew, oftentimes doubtless by practical and personal observation and experience, that laymen throughout the state were rendering such services as are here involved. Not only by practice and custom, but by inherent privilege, they had the right to do this unless forbidden by statute, and if the Legislature intended to prohibit a widespread practice and establish a new rule, it was its duty to say so clearly and unmistakably in the statute relating to the practice of law and rendition of legal services by individuals. It did not say so, and in my opinion there is not to be found in that section of the Penal Law any provision against the rendition of such services by an individual.

We think the same idea is emphasized as in section 280 that an individual who is not admitted to practice must not assume the character of an attorney at law. He is forbidden to practice or appear "as an attorney at law or as an attorney and counselor at law," or to make it a business to practice "as an attorney at law or an attorney and counselor at law," or to hold himself out to the public as being entitled "to practice law as aforesaid or in any other manner," or "to assume to be an attorney or counselor at law." But there is nothing which can fairly be regarded as indicating an intention to abolish an existing and widespread practice, and to prevent a layman as such and without any simulation of or pretense to the character of an attorney from drawing a simple instrument as instructed by his customer, and not involving or predicated upon any legal advice then given.

When subsequently the Legislature, chargeable with knowledge of this practice of the fact that under the enactment of section 270 of the Penal Code, it was still permissible for a layman to draw such an instrument, enacted section 280 for the purpose and in the language and with the qualifications which we have mentioned, we do not think it would be a fair or reasonable interpretation to hold that it intended to prevent a corporation from drawing a simple bill of sale or chattel mortgage, which from a legal standpoint could have been drawn by any layman in the state. It was easy to cover and prohibit such transactions, if so intended, and we do not think that we should strain to discover such intention, in the absence of some language clearly expressing it.

In seeking to reach a proper decision of the question before us, we ought not to ignore considerations of public convenience and economy as involved in the everyday transaction of ordinary business matters. If provisions of the statute were so clear that their meaning was beyond the range of doubt or debate, of course, we could not be influenced by any such consideration. But they are not. The very able argument which has been made on each side is sufficient evidence that persuasive reasons might be marshalled in favor of a decision of the question in either way. Under those circumstances we can consider practical results. As has been indicated, we can take notice of the widely existing practice of laymen to prepare simple instruments like those before us. If it is unlawful to fill out the blank form for a chattel mortgage or bill of sale, it would be equally so to prepare various other simple instruments, which are now commonly prepared by laymen and banks, and it would be necessary to undergo the trouble and expense of summoning an attorney to perform acts which really do not require his services.

Again, I say, that if the Legislature intended to command this change in the transaction of ordinary business it should have said so clearly. There can be no debate of the proposition that the standards of the legal profession should be maintained at a very high level. Every one who has had experience knows that much more harm comes to the public from the ignorance and carelessness than from the intentional misconduct of those who have succeeded in securing the right to practice law. But this does not furnish a reason for so broadening the meaning of a statute as to confer upon attorneys the exclusive right to render certain services as incapable of performance by a layman when common and long-established practice points in a different direction and the Legislature has not fairly indicated an intent to change existing conditions.

We appreciate also that it may be difficult to draw a logical and satisfactory dividing line under the statute between such acts as are before us and some other one. It very well may be that the difference is so marked between the transaction of preparing a simple chattel mortgage or bill of sale and the preparation and execution of a complicated deed of trust or will that there would be no difficulty in locating these on different sides of the line. It may be much more troublesome to make the location in some other case. It would be worse than futile to attempt to formulate a general and universal rule which would cover all cases. We must take care of the problems of the future when they arise. We at least settle those which are now presented to us.

In conclusion, what I have said is not to be interpreted in any manner as the expression of an opinion upon the question which would arise if a corporation by words or acts should hold itself out as engaged in the business of preparing instruments of the character involved in this proceeding or other ones and should do so. In the case of People v. Alfani, 125 N. E. 671, decided herewith, we have held that a layman by holding himself out as engaged in the preparation of legal instruments, and by giving advice in connection with their execution, furnished evidence by which he could be convicted of holding himself out to the public as being entitled to practice law in violation of section 270 of the Penal Law. It is quite possible that a corporation by some such conduct might furnish evidence whereby it could be convicted of a violation of the statute relating to corporations. That question does not seem to me to be presented by the present case, and therefore has not been considered.

For these reasons the judgments should be reversed, and the information dismissed.

POUND, J. (concurring). I agree that the people have failed to make out a case, but I desire to add a few words to make clear the reasons by which I have reached that conclusion.

Much may be said on the historical distinction between lawyers and scriveners and notaries, as has been admirably done by Putnam, J., in the dis-

senting opinion (180 App. Div. 654, 168 N. Y. Supp. 278) below, and in People v. Alfani, 186 App. Div. 468, 174 N. Y. Supp. 527. Doubtless many individuals, unlearned in the law, occasionally draw deeds, wills, mortgages, and other instruments without rendering legal services in the common acceptance of the term, who would be startled to learn that they had criminally engaged in the practice of law. The test of the legislative intent is to be found, however, in the present day evil which the legislation aims to correct. The evil addressed seems to be, both in the case of the individual and the corporation, the practice of rendering, with some continuity, services of the character now generally performed by lawyers as a part of their ordinary routine—not merely trying cases, giving advice, or preparing difficult papers, but ordinary conveyancing as well. Arguments based on the ancient rivalry of the attorneys and the scriveners, the unique rights and privileges of the continental notary, and the convenient custom of laymen to draw wills and other legal instruments, must give way to a consideration of the well-known work of the modern law-office. The legislation is in aid of the lawyers, and for the protection of the public, and is antagonistic to the policy which would permit any one to act habitually as a scrivener or conveyancer.

The question is not one of sound public policy, but is one of legislative policy merely. The lawyer's profession or calling does not cover the preparation of all papers of legal significance, such as promissory notes, for which lawyers are not as a rule resorted to; but it does, I think, cover the preparation of bills of sale and chattel mortgages. I am unable to rest any satisfactory test on the distinction between simple and complex instruments. The most complex are simple to the skilled, and the simplest often trouble the inexperienced. Skill is sought when another is employed to do the work. If the blank forms used by the trust companies are prepared or approved by their legal counsel, then, when the clerks fill them out, the corporation tacitly advises the client that the forms are proper and sufficient for the purpose, and one would expect that he was getting good legal advice, indirectly, if he had papers thus prepared. So the giving of oral advice is not a satisfactory test. If such services as were rendered in this case are customarily rendered, I think that they should be characterized as legal services. This does not imply that a real estate broker may not prepare leases, mortgages, and deeds, or that an installment house may not prepare conditional bills of sale, in connection with the business and as a part thereof. The preparation of the legal papers may be ancillary to the daily business of the actor or it may be the business itself. The emphasis may be upon the services of the broker or the business of the trader, or it may be upon the practice of law.

In the case before us, I think that the defendant may not make it a business to prepare even simple legal papers for all who apply, independently of its chartered powers. The corporation is not, however, chargeable criminally for the isolated act of its employees as here charged, which might well occur otherwise than as an incident of a general practice. On the evidence, it does not hold itself out as preparing legal instruments generally, but only in connection with its legitimate business.

For these reasons, I concur in the result that the judgment should be reversed, and the information dismissed.



Habit

Ex-Loan Clerk (doing guard duty)—"Halt! Who goes there?"

Approaching Party—"Friend!"

Ex-Loan Clerk—"Advance, friend, and give the discount!"

—*The M. & M. Journal.*

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Statement of Condition on April 17th, 1920

Resources

Loans and Discounts	$170,205,214.51
United States Bonds, Certificates of Indebtedness and Loans against Government Securities	25,995,304.96
Short Time Securities	2,636,947.97
Other Investments	3,672,460.68
Bank Buildings	476,750.00
Exchanges for Clearing House and Cash Items	12,633,543.85
Cash in Vault and Federal Reserve Bank	27,892,335.41
Due from Banks and United States Treasurer	20,254,125.10
Customers' Liability for Acceptances by this Bank and its Correspondents [anticipated $2,446,743.63]	14,581,349.64
Loans made for Customers	5,971,100.00
TOTAL RESOURCES	*$284,319,132.12*

Liabilities

Capital Stock	$ 9,000,000.00
Surplus Fund	9,000,000.00
Undivided Profits	1,141,260.71
Discount Collected but not Earned	1,438,714.28
Reserved for Taxes	1,720,521.08
Circulating Notes	2,266,300.00
Acceptances by this Bank and by Correspondents for its Account [after deducting $888,735.34 held by Bank]	17,028,093.27
Due Federal Reserve Bank	12,000,000.00
Loans made for Customers	5,971,100.00
Deposits	224,753,142.78
TOTAL LIABILITIES	*$284,319,132.12*

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International Banking and Finance Department

Special European Representative

DURING the present spring and summer THE BANKERS MAGAZINE will be specially represented in Europe by Dr. Nicholas Petrescu, who is familiar with economic, political and financial problems in that quarter of the world, and who will make some investigation and studies of existing conditions in the various European countries, presenting the results of his inquiries in a series of articles in THE BANKERS MAGAZINE.

On account of the peculiar conditions in Europe, and the interest which American bankers, merchants and manufacturers have in gaining a better understanding of those conditions, the first hand investigations made by so competent an observer as Dr. Petrescu should prove of exceptional interest and value.



DR. NICHOLAS PETRESCU

Denmark's Agricultural Commerce and Finance

OWING to the great capacity of Denmark for the production of food, and because of the country's rank as a maritime nation, an increasing share of the world's interest is being turned in that direction. This renders especially timely and valuable a recent study of Denmark's agriculture, commerce and finance, prepared and attractively published by Messrs. Brown Brothers & Co., through whose courtesy some of the information and illustrations are presented below.

NORMAL PRODUCTION OF FOODSTUFFS

Denmark is one of the most highly developed food producing nations in the world. Nearly two-thirds of the land, divided into farms averaging about thirty-five acres each, is under intensive cultivation. In 1914 the number of cattle to the square mile was nearly twice as great as in the leading cattle states of America. Denmark had at that time in proportion to its population a larger number of dairy cows than any country in Europe and held a leading position in the relative size of its stocks of swine and poultry.

Before the war the total annual output of Danish agricultural products was valued at about $268,000,000, of which more than one-half was exported. In 1914 Denmark was the largest exporter of butter in the world. There were 1,503 dairies with an aggregate annual production of about 128,742 tons of butter and 17,123 tons of cheese. It is interesting to note that, due to the



The National Bank of Copenhagen, Denmark

scientific methods of feeding employed by the Danish farmers, the average annual yield of milk per cow amounted in normal times to 6,400 pounds. This compares with a record of 3,700 pounds in the United States. Denmark's position in the meat industry was nearly as important as its supremacy in butter. In 1912, according to official statistics, Denmark ranked in world importance second only to the United States in the value of her exports of animal food products. Shipment to foreign countries in 1913 of such commodities, consisting chiefly of bacon and pork, amounted to 188,878 tons valued at $50,783,000. This was equal to more than one-third the value of all the meat products exported from the United States in the same year. In addition, Denmark far surpassed the United States in the export of live animals which, including horses, in 1913 amounted in value to more than $18,400,000. The country also had a large foreign trade in eggs and various other provisions which brought the amount of her export business in 1913 from foodstuffs alone to approximately $148,442,520. This gave Denmark rank at that time as one of the principal food exporting nations in the world.

EFFECTS OF THE WAR

During the first three years of the Great War, Denmark was called upon to furnish food supplies in larger quantities than ever before in her history. The total export of animals, meat and dairy products rose from $127,702,000 in 1913 to $208,906,000 in 1916, or nearly sixty-four per cent. Higher prices resulting from the abnormal demand for food brought unprecedented prosperity to the Danish farmers. This was reflected in a wide-spread improvement of conditions in the agricultural districts. Labor-saving machines for ploughing and harvesting were imported in large quantities and have served to strengthen greatly the position of Denmark's farming industry.

In February, 1917, the submarine campaign cut off the supply of raw materials from abroad. Oil cakes and corn to feed the cattle and pigs were no longer available in sufficient quantities. Exports of meat and dairy products naturally fell to a fraction of the normal figures and the stocks of animals and poultry were necessarily cut down considerably. The number of cattle, which in 1914 amounted to 2,463,000 head, decreased somewhat more than ten per cent.; the number of fowl declined about one-third to 9,884,000 and the number of pigs, which normally was nearly 2,500,000, fell about seventy-five per cent.

On finding themselves temporarily handicapped in their normal occupations, the Danish farmers with characteristic versatility turned to various other enterprises. The cultivation of beets and other vegetable roots for fodder was greatly increased in order to supply at least part of the requirement for corn and oil cakes. In addition, the raising of agricultural and vegetable seed, in which Denmark had long been prominent, was actively developed. This industry, which normally yielded for export about $1,000,000 annually, was greatly extended and is expected to become one of the important factors in the future foreign trade of the country. In fact, in the first nine

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months of 1919 Denmark exported more than $3,000,000 worth of seed.

DENMARK AFTER THE ARMISTICE

The signing of the armistice brought an end to the period of Denmark's isolation. The Danish farmers turned to their former markets for the purchase of corn, oil cakes and fertilizers. Total imports from the United States in 1919 including transit goods amounted to $163,965,478 as compared with $11,353,845 in 1918. The effect of the opening of the markets of America is indicated in the improved situation in Denmark in 1919. The number of cattle in July 1919, was 2,188,000, indicating a gain of 64,000 head over the record for 1918 and poultry, with a total of about 12,250,000, was approaching normal figures. The number of pigs increased from 621,000 in 1918 to 918,000 in January of the present year. Moreover, the harvest for 1919, according to recent estimates, showed a decided improvement over the previous year and in some respects even over the period before the war. The wheat crop amounted to 177,000 tons as compared with an average yield of 163,000 tons during the five years preceding 1914. The yield per acre showed an improvement of seven per cent. The harvest of barley and mixed grain amounted to 588,000 tons and 418,000 tons respectively compared with 601,000 tons and 398,000 tons representing average crops during the five years before the war. The crop of vegetables in 1919 was particularly satisfactory, amounting to 15,928,200 tons as compared with an average yield of 14,971,220 tons in normal times. The total value of the 1919 harvest is estimated at $268,000,000. A substantial part of this amount was represented by potatoes and sugar beets which are becoming increasingly important in the foreign trade of the country.

At the present time, with the pressing demand for foodstuffs, the country is resuming its former trade. In this, Denmark has been handicapped probably more by adverse rates of foreign exchange than by the loss of livestock due to the war. The fact that the Danish farmer is compelled to pay the high premium on exchange in addition to the increased cost of oil cakes, corn and fertilizers must serve in some degree at least to limit production unless goods can be disposed of at high prices. However, according to official reports for the first nine months of 1919, Denmark exported $83,501,028 worth of food products in addition to live animals to the value of $5,582,976. Since that time a rapid improvement has been made in the production of the principal foodstuffs which is steadily increasing the surplus available for export. Moreover, the financial and political interests of the country are at present making a concerted effort to correct the unfavorable trade balance and

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thus remove the handicap caused by adverse rates of foreign exchange. A systematic attempt is being made to prevent the importation of non-essential articles. In addition, according to recent reports, rationin of certain commodities has been adopted in order to increase the amount of goods that the country can export.

DANISH SHIPPING

Danish shipping prospered during the war in spite of the losses incident to wartime navigation. It has been estimated that the gross profits of the country's mercantile fleet rose from about $26,800,000 in 1914 to approximately $107,200,000 in 1917, or 300 per cent. The net earnings for these years are estimated at $13,400,000 and $42,880,000 respectively. This greatly increased earning power, resulting from the world-wide demand for ships, brought a corresponding increase in the aggregate value of the country's merchant fleet. Before the war the cost of new ships in Denmark averaged about $40 per deadweight ton. By the end of 1917 the price had risen to nearly $268 a ton.

Contrary to general expectations, no great falling off in revenue from Danish shipping occurred after the signing of the armistice. The continued world demand for tonnage brought large earnings to Denmark's merchant marine during 1919. Danish vessels, no longer hampered by war restrictions, have resumed their normal trade routes to a large extent. Moreover, the losses of shipping caused by the war are being replaced. As of June 30, 1919, Denmark had a merchant fleet of 702,436 tons with 57,771 tons under construction.

WEALTH

The wealth of the Danish people in 1919 was officially estimated for taxation purposes at $2,583,520,000 and their annual income at about $658,744,000. In 1909 the corresponding amounts were $1,225,641,000 and $197,246,000 respectively. On the basis of the estimate for 1919, nearly one-third of the wealth and more than forty per cent. of the nation's income accrued to the inhabitants of Copenhagen. The increase in the wealth of the nation in the past two years has been unusual and has added greatly to the taxing power of the government. It is expected that with the increased rates of tax now in force the state will add substantially to its revenues in the present year and more nearly cover the extraordinary expenditures for post-war reconstruction than in 1919.

The above figures for wealth refer only to the inhabitants of Denmark proper and do not include the value of state and municipal property. The Danish possessions



Shipping in the Harbor of Copenhagen, Denmark

include the Faroe Islands and Greenland. In addition, Iceland is governed by Christian X, the King of Denmark. The total wealth of the nation will be greatly increased by the recent return of a part of the former Danish province of Slesvig. By the plebiscite held in February 1920 in accordance with the terms of the Treaty of Versailles, Denmark is to regain an area of about 1,505 square miles. This territory is somewhat larger than the State of Rhode Island and had in 1910 a population of 167,000.

The total value of state property as of March 31, 1918, amounted to nearly $300,000,000. Of this $92,060,000 represented the value of state railways which include more than one-half the 2600 miles of railroad in the country. The telegraph system, which is also owned by the state, was carried at a value of $4,670,000.

DEBT

In 1913 the Danish national debt was relatively small, amounting to only about $33.40 per capita. Of a total debt of $95,579,250 in that year, $22,606,340 was internal and $72,972,910 external. The country's loans issued in normal times bore the comparatively low rates of interest of three and one-half per cent. and four per cent. In this connection it is interesting to note that as a result of the unusual position held by the Danish capital, the loans of Copenhagen were normally sold to bankers on nearly as low a basis as the loans of Denmark. In order to meet the demands placed on the country by the war and the reconstruction following the signing of the armistice, the amount of internal obligations of the nation was greatly increased. As of March 31, 1919, the total debt amounted to $207,355,960. During the war, however, the net amount of the country's foreign obligations decreased greatly. In 1918 it was reported that, owing to the exchange situation which was then favorable to Denmark, the Danes had repurchased practically all of the external debt of the country and had in addition accumulated a large credit in foreign coun-

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tries—estimated at $228,400,000—with which they have been able to finance the nation's import requirements during the past year.

BANKING POSITION

The prosperity which came to Denmark during the war is reflected in her strong banking position. In spite of large increases in note circulation, which rose from $41,915,200 in 1914 to $131,145,120 at the end of 1919, the gold reserves of the nation have been well maintained. As of December 31, 1919, the ratio of gold reserve to circulation was about forty-six per cent. On the same date the corresponding ratio in Norway was thirty-three per cent., in Sweden thirty-nine per cent., in England twenty-seven per cent., and in the United States forty-eight per cent. The increase in bank deposits in Denmark during the war is indicated in the following table of the deposits of the five leading banks in Copenhagen. The figures are taken from a recent study on this subject:

July 31, 1914	$167,151,600
Dec. 31, 1914	179,399,200
" 1915	243,183,200
" 1916	394,817,600
" 1917	482,078,400
" 1918	615,328,000
May 31, 1919	633,150,000

The total increase during this period was nearly 280 per cent. Deposits in savings banks increased from $229,944,000 as of March 31, 1914, to $389,806,000 on March 31, 1919. The average annual increase during this period amounted to $31,972,400 as compared with a normal increase of $6,700,000 a year in the period before the war. The number of depositors, according to the official report for 1917, was 1,513,806, or fifty-two per cent. of the total population of Denmark. On this basis the average savings bank deposit as of March 31, 1919, was approximately $258. With the thrift which is characteristic of the Danish people, the profits derived from the war have thus been accumulated as a reserve to provide for the future requirements of the commercial and agricultural development of the nation.

FUTURE OF DENMARK'S COMMERCE AND INDUSTRY

The future of Denmark's commerce and agricultural industry is dependent in a degree on the solution of the international problems now confronting the nations of Northern Europe. Copenhagen will in any event hold in the future an important position as a transit port just as she has held it in the past. In addition, as the new and densely populated countries created

under the Treaty of Versailles along the Eastern Coast of the Baltic Sea develop foreign markets for their manufactures and vast stores of natural resources, Copenhagen should obtain a large proportion of this transit trade and assume a leading position among the ports of the world. The demand for Danish foodstuffs, normally large, has probably never been greater than at present. With her rapidly increasing production, which should be materially aided by the restoration of Slesvig, the country will prove an important factor in supplying this demand which in itself is one of the strongest assurances of the future prosperity of Denmark.



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American Financial Assistance to Europe

DISCUSSING this matter in the March number of the "Monthly Review," issued by Barclay's Bank, London, some very temperate observations are offered regarding the indisposition on the part of the United States to participate in an International Financial Conference. The following quotations are to the point:

In point of fact, it was not intended that the United States should assume the whole burden of Europe—the United Kingdom, the British Colonies and Dominions and the neutral European nations would all shoulder their share. It has also to be remembered that, however willing and eager a country may be to make sacrifices in order to get back to sound conditions and to resume production, it cannot do so unless it can obtain the essentials necessary to this end. Moreover, the position demands prompt action, for there has already been more than enough delay, and in existing conditions the unorganized private investor is unlikely to provide long term credit to those countries most in need of it. The American investor in particular is unaccustomed to foreign investments, and left to himself it is improbable that he will subscribe to a useful extent to European Government loans.

It would almost seem that the United States Government has failed to appreciate the spirit of the memorial. The object of the conference would presumably be to en-

deavor to devise means whereby world disaster can be avoided, organized coöperative effort substituted for the present wasteful lack of system, and arrangements made for credit to be given for useful purposes only. Above all, the conference would insist that countries requiring assistance must justify it by internal reform. The idea of the memorialists is primarily the laudable one of helping a lame dog over a stile but beyond this they see that failure to give the necessary assistance must inevitably re-act—not only on Europe—but on the whole world.

In point of fact, the United States have now far too big a stake in the prosperity of Europe to draw back easily. Her business men know this, and realize that if the choice lies between some further inflation and European collapse, then the former would be infinitely the preferable alternative. A country like the United States can largely withdraw within itself, but the process would be a painful and dangerous one, complicated at the present time by a top-heavy production position. On all grounds—on those of humanity, self-interest and prudence—it is apparent that the United States have much to gain by rendering further assistance in the reconstruction of Europe.

On the other hand, it is evident that no good can result from assisting countries who are not endeavoring by every means in their power to institute and carry into effect internal reforms. Such assistance is wasted—it is like pouring water into a sieve to give credit in such instances. Too much credit has been created already, and further additions should only be made when there is a reasonable chance of permanent benefits resulting.

If the nations of the world will heartily coöperate in the reconstruction of Europe, then there is every possibility of a happy solution. But if Europe will not try to help herself, or if those nations capable of rendering assistance withhold it, then the outlook is dark indeed.

British Banking and Post-War Trade

The British Overseas Bank*

EVEN so conservative an institution as the British banking system has not escaped the invigorating effect of a world war. Sydney Smith, a keen critic of British idiosyncrasies, once said that a hundred years is a very little time for the duration of a national error. "Indeed," he went on in a characteristic but rather unkindly mood, "it can hardly be expected, within such limits, to have displayed the full bloom of its imbecility." Had he been writing in 1920 instead of 1820, Sydney Smith would have known that time moves at ever varying speeds. There are periods when a century of effort is crowded into a few months. The years between August, 1914, and November, 1919, were such a period. Now that British financiers and commercial men are striving to get back into pre-war grooves, the full effects of that stupendous experience are becoming plain. It has been found that old-time methods will not fit the new-time problems.

The establishment of the British Overseas Bank is a concrete example of a general principle of which students of finance and commerce will find many instances in countries other than Great Britain and in departments of financial and trading activity other than banking.

A TRADE RECONSTRUCTION BANK

The British Overseas Bank was established some six months ago with a capital of £5,000,000 (25 million dollars) by an influential group of British

*A representative of the department of Foreign Information of the Bankers Trust Company of New York has recently returned from a three months' trip of investigation in England and France. In England many leading bankers were visited and a large amount of information gathered. To assist in this work the services of some competent British journalists were enlisted to prepare written reports on certain topics. One of these reports, relating to the new British Overseas Bank, is presented above. It should be of particular interest at this time in view of the recent organization in the United States of corporations to assist in foreign financing and the proposed formation of other institutions on somewhat similar lines.

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banks and commercial men. Its avowed object was to assist in bringing about the early and rapid resumption and expansion of British foreign trade. Under the stress of war conditions, American banks commenced to open foreign branches under permits from the Federal Reserve Board. The National City Bank, for example, established branches at Buenos Aires, Rio de Janeiro and Valparaiso. The American Foreign Banking Corporation and the Mercantile Bank of the Americas were other institutions which adopted special methods to meet the financial and trading conditions arising from the world war. If United States bankers, in the midst of abounding prosperity, had to look around and ahead, it is small wonder that their British cousins were also moved to a special effort. Between 1913 and 1917 the exports of the United Kingdom decreased from ninety-two million tons weight to forty-four million tons. The value of British trade, taking into account the decreased value of money, declined from £525,000,000 to £347,000,000, a decline from 100 per cent. to 66.3 per cent. It was with these figures in mind that the promoters of the British Overseas Bank laid their plans.

A year later, in September, 1919, the bank was opened in Lombard Street. It is curious to recall that Lombard Street is the spot where the Lombard financiers established themselves in the reign of Edward I and created the British banking system by the loans which enabled Edward I to conduct his wars. The records tell that in the ninth year of Edward's reign the keepers of the exchange delivered £10,000 to the Lombard merchants in part payment of sums lent to the king. Between the twenty-third and twenty-seventh years of his reign Edward I contracted a debt to the Friscobaldi of £15,800. Curious totals in comparison with world war figures, such as the £36,000 millions spent by belligerents between 1914 and 1918 in defeating Germany, or even the year's

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deficit of £231,000,000 in the trade balance as between Great Britain and America.

PROBLEMS AND METHODS

Big figures these. It was natural that they should suggest the question how British bankers might best furnish a basis for the expansion of international trade in order to make good the ravages suggested by such stupendous totals. In the United States, as has been said, one of the first steps was the establishment of foreign branches. In America there was also a disposition to undertake the organization of foreign banking corporations. A third line of progress was found in the creation of discount companies dealing in paper arising from foreign business, enterprises similar to the discount houses of London. The British Overseas Bank is combining all these methods. The distinctive characteristics of the institution can best be understood by recalling its foundation. It was established by a group of the following associated banks: Anglo-South American Bank, Ltd., London; Dominion Bank, Toronto; Glyn, Mills, Currie & Co., London; Charles Hoare & Co., London; Imperial Ottoman Bank, London; Northern Banking Co., Ltd., Belfast; Union Bank of Scotland, Ltd., Glasgow; Williams Deacon's Bank, Ltd., Manchester.

These banks, it will be noted, are not members of the great banking combines which have arisen during the past five years—Lloyds Bank, the London County and Westminster, the Union of London and Smiths, and others. It will also be noted that they are a representative group. Canada, India, South America, Scotland and Ireland, even Manchester and Liverpool, are all specially represented.

In pre-war times foreign banking business was largely in the hands of the great Jewish financial houses, or was done by such alien agents as the Deutsche Bank. When the branches of these enemy banks in London were closed, a gap had to be filled at once. There were few British subjects trained in the special problems of foreign banking. The demands of the army officers still further reduced the supply. The eight banks accordingly found themselves quite unable to secure expert staffs for special foreign banking departments of their own. They therefore determined upon the establishment of a new overseas bank, under the chairmanship of Mr. A. C. D. Gairdner. In a very short while it was found that the British Overseas Bank supplied a real want and steps were taken to extend its scope. To the present its progress has been so rapid that the difficulty has been to do actual business while organizing a system for the future. The staff is already too big for the Lombard Street premises. The bank has established American connections but the organization has not advanced far in this direction. In France, Belgium, Poland and other European centres, however, much has been done. The enor-

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mous fluctuations in exchange, for example, are a serious obstacle to the renewal of trade relations between Britain and the European continent. By arranging forward exchanges, the British Overseas Bank has enabled many traders to resume business. The lines on which the British Overseas Bank is developing may be summarized thus:

(1) Foreign Exchanges.
(2) Commercial credits and acceptances.
(3) Commercial Intelligence.

SOME AMERICAN ANALOGIES

The granting of the extensive acceptance accommodation needed to enable international trade to resume is an obvious department of such an institution as the British Overseas Bank. Its activities in this direction can best be suggested by American analogies. Thus there is the Foreign Credit Corporation, which was inaugurated recently by the Guaranty Trust Company and the Chase National Bank, of New York, to do business on lines similar to that done by British acceptance houses. J. P. Morgan & Company's Foreign Finance Corporation is another example. The British Overseas Bank is bigger in actuality and aim than either of these, if only by reason of its larger capital. Apart from the £5,000,000 of share capital, the British Overseas Bank has the support of the eight associated banks and the opportunity of syndicating big business with these allies. This means the support of institutions with a capital of £170,000,000. The coöperative element in the British Overseas Bank has been extended to commerce and trade by the institution of a governing council in addition to the board of directors. The governing council includes such men as Lord Churchill, chairman of the Great Western Railway; Sir Arthur Haworth, chairman of the Manchester Royal Exchange, and one of the foremost authorities on cotton; Sir Harry McGowan, a leader in

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the chemicals and explosive industries; Mr. John Sampson, a director of Messrs. John Brown and Co., and one of the best-known engineers in Great Britain. The board intends to enlarge the council until all branches of British manufacture and commerce are represented by the leaders of the various industries.

The commercial intelligence department is under the charge of Mr. Dudley Ward, late of the British Treasury, and an economist of repute. It is being developed along political and commercial lines and includes the collection of information upon the economic stability of all parts of central Europe, based upon personal visits of experts; the prospects of manufacture and production, and the credit of governments and firms. Needless to say, all pre-war records are quite unreliable, and Mr. Dudley Ward has already had abundant proof of the value of his methods, though some years will be required to develop them to the full. The collection and docketing of commercial information is a comparatively new habit in London. In the past too many English financiers and traders have relied upon memory and personal experience, and have been content to tackle each problem as it arose, rather than allow the facts to suggest new trading possibilities.

NOT A GOVERNMENT INSTITUTION

Perhaps the most important consideration in connection with the British Overseas Bank is reserved for this closing paragraph. It is the more important as there may be some misapprehension upon the subject in the United States. The British Government has no concern, direct or indirect, with the British Overseas Bank. The world war wrought many changes, but it did not persuade the City of London to accept the judgment of a body of bureaucrats in place of the experience of trained business men. The British Board of Trade is taking a very active part in the reconstitution of imperial business;

but it defines its duty as "keeping the ring for British traders." Its other main object is the supply of commercial information. One small banking department has been established by His Majesty's Government—the export credits department. This offers advances up to eighty per cent. of the cost of goods, plus freight and insurance, sold to Finland, the Baltic Provinces (Latvia, Esthonia and Lithuania), Poland, Czecho-Slovakia, Jugo-Slavia, and certain areas in Russia where abnormal trading risks exist. But the export credits department is essentially a war measure and is devised to make trade possible in regions where no private firm would dare venture at present owing to depreciated currency and other difficulties. Even the export credits department is little more than a dream at the moment, and there is no likelihood of its wide adoption. British business men have a rooted objection to new government departments and prefer to deal with existing business agencies, accustomed to estimating business risks. It is because the British Overseas Bank focuses the activities of some of the best-known trading institutions in the United Kingdom, and can draw upon the experience of experts in all branches of trade and finance, that its activities in the immediate future will be followed with interest on both sides of the Atlantic.

Economic and Financial Conditions in France

THE NEW LOAN

THE Journal Officiel has published the conditions under which the new Government Loan, five per cent. is being issued. The price of emission is fixed at par, that is: 100 francs with five francs interest. In order to facilitate the participation of small capitalists and savers, the subscription may be accepted in four instalments, namely, twenty-five francs on the day of subscription, and an equal amount on the following dates: May 1, June 16 and August 1, 1920. The nominal capital will be redeemable within sixty years.

It is worth mentioning in this connection that the French Government has established at the Ministry of Finance a "loan commission" intrusted with the patriotic duty of undertaking a campaign on behalf of the new loan. Among its members are Mr. Octave Homberg, president of the Commission of Exchanges, and Mr. André Luquet, vice-governor of the Banque de France.

THE CLEARING HOUSE OF THE PARIS BANKS

The French "Chambre de compensation des banquiers de Paris," which corresponds to the American or English clearing-houses, has just issued a report regarding its operations in 1919. The total of operations amounted to 72,938,384,216 francs, against 38,344,396,936 francs in 1918.

In comparing these figures with those of the clearing-houses in other countries, one must bear in mind that in France the main clearing-house is the Banque de France. Thus the clearings of the Banque de France alone amounted to 353 billion francs in 1919.

BANQUE DE FRANCE

At the general assembly of the stockholders of the Banque de France last February, Mr. Pallain, the governor, gave a comprehensive view on the economic and financial situation of France since the signing of the armistice. The

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first year of peace, 1919, has been a year of transition for France. The return to normal conditions has been retarded for many reasons, among which the following have been, according to Mr. Pallain, the most decisive: Shortage of man power, which the demobilization could only gradually remedy; the insufficiency of raw materials and fuel for industry, and of fertilizers for agriculture; the exhaustion of rolling stock, the crisis of transportation, and the uncertainty of prices. All these obstacles have retarded the development of big business.

Nevertheless, in spite of these obstacles, the signs of a resumption of economic activity have been manifest since the cessation of hostilities. The work of reconstruction in the invaded territories and the reorganization of production have been successfully accomplished. This economic resurrection is clearly reflected in commercial and financial transactions. Thus in 1919 the discount of commercial bills at the branches in the provinces represents a Banque de France in Paris and at its branches in the provinces represents a total of 8,008,300 bills in amount of 15,703,815,300 francs, against 6,760,900 bills in amount of 14,588,000 francs in 1918.

Furthermore, Mr. Pallain has declared that the crisis of exchange is due not only to the unfavorable balance of France's foreign trade, but also to the difficulties of France's public finances. The policy of "advances to the state" has greatly contributed to the actual conditions. The state has applied to the Banque de France after the available funds created by the loan of liberation had been exhausted, in spite of the fact that there was a marked increase in the subscriptions to the bonds of national defense. The first convention between the bank and the French Treasury limited its advances to the amount of twenty-four billion francs maximum. However, a new convention (April, 1919) raised the total advances to

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twenty-seven billion francs. Such an augmentation created a monetary inflation, which influenced the cost of living. In conclusion, Mr. Pallain remarks: "The work of economic and financial reconstruction will be rendered very difficult as long as the monetary situation is not re-established, and the first condition of such a rehabilitation is that the Treasury be able to cover all its needs without the recourse to further emissions."

THE BUDGET OF 1920 AND THE NEW TAXES

Before leaving the Ministry of Finance, Mr. Klotz presented to the Chamber of Deputies, several proposals regarding the rehabilitation of France's public finances. One of these proposals treats of the budget for 1920, which is divided into two parts: an ordinary budget comprising all expenditures of a permanent character, and an extraordinary budget which is itself divided into two parts, one regarding expenditures resulting from the war, another comprising other extraordinary expenditures.

The ordinary budget reaches a total of 17,861,140,000 francs. The existing resources amount to 9,367,800,000 francs. In order to cover the deficit, Mr. Klotz considered the introduction of new fiscal measures which would yield about 6,516,406,000 francs. Among the new taxes, the tax on war profits alone is expected to bring into the Treasury two billion francs.

As regards the extraordinary budget, the expenditures resulting directly from the war are estimated at 6,616,279,055 francs, while other expenditures are estimated at 951,804,000 francs, that is a total of 7,508,083,055 francs. These expenditures will be covered by the liquidation of war stocks (estimated at about three billion francs), and by the emission of new loans.

Besides the ordinary and extraordinary budgets, Mr. Klotz has proposed the opening of an account of expendi-

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tures renewable on the deposits to be received from the execution of the financial clauses of the Treaty of Versailles. This account would comprise the reparation of war damages and the pensions of invalids, widows and orphans. It is estimated at 22,089,597,500 francs for 1920. These expenditures will be covered by means of loans, which will be reimbursed by the indemnities to be paid by Germany and her allies. The total of expenditures foreseen in the budget reaches thus the amount of 47,459,000,000 francs.

The new resources of revenue foreseen by Mr. Klotz are, besides the taxes on war profits, a higher tariff for telegraphic and postal services, a tax on the wealth acquired during the war, a higher rate for indirect contributions, etc. It is announced that Mr. François Marsal, the new French Minister of Finances, will follow with slight modifications the proposals of his predecessor.

Financial and Economic Conditions in Italy

THE FINANCIAL SITUATION OF ITALY

ACCORDING to Mr. Schanzer, the Italian Minister of Finances, the present financial situation of Italy should be viewed in the light of the world's economic and financial conditions. Italy is only a part of the whole of conditions brought about by the world war. The following figures and facts will show the reasons of Italy's financial difficulties:

During the year 1919, Italy's expenditures reached the amount of 32 billion 599 million lire, that is, an increase of 28 billion 393 million lire over the normal peace expenditures, of 4 billion 206 million lire. Of the total expenditures over 23 billion lire represented the actual war charges.

On the other hand, the receipts of revenues for the same period amounted to 9 billion 498 million lire. To this were added the receipts from the issue of 5 years Treasury bonds placed abroad, as well as the opening of credits in the United States. The deficit amounted to 11 billion 630 million lire, in part covered by ordinary Treasury resources, and in part still to be met.

The expenditures foreseen in the budget of the financial year 1920-21 amount to 9 billion 535 million lire, being an increase of 4 billion 19 million lire on the estimates for the current year. This increase is made up of 1 billion 90 million lire for interest on war debts, 659 million lire for war pensions, 1 billion 88 million lire for the provision of personnel, and the remainder for the estimated deficit of the state railways due to the high cost of fuel. The receipts for the same period



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are estimated at 7 billion 491 million lire, representing an increase of 2 billion 636 million lire on the estimates for the current financial year. Taking into consideration the expenditures required by the settlement of the new territories, the deficit of the budget will amount to 2 billion 600 million lire.

The monetary circulation on October 31, 1919, amounted to 14 billion 506 million lire, an increase of 3,220 million lire on the amount of the previous year. This expansion was due to the new requirements of the Treasury, to the withdrawal of the Bonds of the Venetian Bank (Cassa Veneta), to the exchange of the Austro-Hungarian currency in the redeemed territories, to the financing of food purchases abroad, etc.

The deposits in the post office saving banks, which on January 1, 1919, reached the amount of 3,452 million lire, have reached the amount of 5 billions by the end of the same year. This increase clearly discloses the confidence of the Italian public.

Finally, the public debt amounted to 83,719 million lire on October 31, 1919, against 63,371 million lire on October 31, 1918. The debt is made up of the following figures: 28,497 million lire for representing the pre-war debt, 15,-961 millions for Treasury bonds, 6,745 millions for long dated bonds, 11,872 millions for bank circulation debited to the Treasury, 19,984 millions for loans from the Allies, and 660 millions for current deposits.

Taking into account these figures and facts regarding the finances of Italy on one side and the unfavorable trade balance on the other side, one understands the depreciation of Italian currency values. Signor Schanzer observes with regard to the exchange problem:

> During the course of the war it was possible, thanks to international agreements and to the steps taken within the Kingdom, thanks also to the large credits granted us by the United States and England, to keep our exchange within reasonable bounds. On the cessation of hostilities international restrictions were removed, we abolished the

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monopoly, and owing also to excessive speculation our exchange has lately reached such heights as to cause the gravest concern.

THE EXEMPTION OF FOREIGN CAPITAL FROM TAXATION

The Italian Ministry of Foreign Affairs has announced that the following classes of foreign capital are exempted from the tax on fortune: (1) The foreign values possessed by foreigners residing in Italy; (2) the obligations of all war loans, subscribed abroad and held abroad; (3) the foreign capital, including the remittances of Italian emigrants deposited in the Italian postal savings or in credit institutions before January 1, 1920, as well as the capital which will be deposited after that date.

THE ELECTRIFICATION OF THE ITALIAN RAILROADS

The work of electrifying nearly 4,000 miles of the state railways and many private lines in Italy, undertaken by the Italian Government, will be executed either by the State Railway Administration or by private firms under state supervision. The work will cost about $150,000,000 (normal exchange), and will take at least ten years. The railways will pay for electric current furnished at cost, plus a profit not to exceed ten per cent. Up to the present about 275 miles of railways in Italy have been operated by electricity.

AMERICAN COAL FOR ITALY

The shipment of American coal to Italy has been increasing of late. In October last, shipments exceeded 400,000 tons. It is estimated that the average monthly shipment from the United States will be soon a half million tons. This amount will be equally divided between the Italian Government for the use of railways and private interests for industrial use. The price of coal in terms of lire is ten times higher than the pre-war price, while the prices in dollars are about three times higher than before the war.

Economic Conditions in Belgium

BELGIUM'S ECONOMIC RECOVERY

THE following facts and figures are extracted from a booklet entitled "Belgium's Recovery," written by D. L. Blount, Former Director General of the Information Office at the Ministry of Economic Affairs.

The excellent condition of Belgium's finances and industries before the war has to a large extent made the economic recovery of the country possible. The thrift and industry of the Belgian people had earned their country the eighth place among the nations of the world in wealth before the war, the sixth place in volume of total foreign trade, which in 1912 amounted to $1,723,000,000, and the first place in actual trade figures per capita.

The most striking figures of the actual resumption of Belgian industry for the first ten months of 1919 as compared with those for the corresponding period of 1913 are the following: Coal mines, ninety-four per cent.; refined sugar, 100 per cent.; cotton spindles in operation, seventy-five per cent.; cotton looms, sixty per cent.; wool products, seventy-five per cent.; shoes, seventy per cent. Even the steel mills, which suffered most during the war, have resumed to the extent of thirty per cent.

Belgian railroads, damaged or destroyed during the German occupation, have been rapidly repaired. The operation of the state railways before the war was successful financially, a substantial surplus having been accumulated after payment of interest and sinking funds on the debt which the Government incurred in the development of the system.

BELGIAN FOREIGN TRADE

The general exports for the first ten months of 1919 reached 47.6 per cent. of the total pre-war value, while the imports were ninety per cent. for the same period. Thus the total of exported goods amounted to 1,427,691,937 francs, against 3,000,977,304 francs in 1913, and the total of imported goods amounted to 3,729,350,376 francs, against 4,130,516,795 francs in 1913.

Belgium's exports to the United States for the first nine months of 1919 were thirty-three per cent. of those for the corresponding period of 1913. That the commercial interests of the United States lost no time in renewing trade relations with Belgium after the cessation of hostilities is shown in the record-breaking American exports for the period mentioned, amounting to $283,417,698, that is $37 for every inhabitant of Belgium. The total imports into the United States amounted to $2,901,644.

BELGIAN FINANCES

In 1914 the public debt of Belgium amounted to $943,000,000, representing mainly productive properties (railroads, canals, ports, telegraph and telephone systems, etc.). The pre-war value of the Government's revenue-producing investments was approximately $600,000,000, and the net return from these properties nearly equaled the interest on the entire pre-war debt. The per capita wealth of Belgium was estimated in 1914 at 7,247 francs ($1,398). The foreign investments of Belgians are estimated at 8,500,000,000 francs. The actual public debt of Belgium amounts to 13,480,054,000 francs. To this amount should be added 5,800,000,000 francs, owed to the National Bank of Belgium on account of German marks withdrawn from circulation.

Paper money in circulation amounted to 4,713,969,205 francs on December 4, 1919, against a gold reserve of 266,000,000 francs. The Belgian Government has floated two internal loans since the signing of the armistice; in November, 1918, a loan for 3,040,000,000 francs was sold mainly for the retiring of German marks; a second, in April, 1919, the Reconstruction Loan, was for 1,450,000,000 francs.

According to Article 232 of the Peace Treaty, Germany must reimburse Belgium for all sums which Bel-

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gium has borrowed from the Allied and Associated Governments up to November 11, 1918, together with interest at the rate of five per cent. per annum. This sum, which is to be determined by the Reparation Commission, is to be paid with "a special issue of bearer bonds to an equivalent amount, payable in marks gold on May 1, 1926," or earlier.

Financial Conditions in Greece

GREECE'S FINANCIAL SITUATION

THE Greek Finance Minister, Mr. Negropontès, has made, in a recent report, the following statements regarding the actual financial situation of Greece. The receipts have augmented since the signing of the armistice, in spite of the fact that the financial reorganization of the redeemed territories has not yet been accomplished. This augmentation was chiefly due to the new income tax. The best financial policy for Greece is to seek internal loans for domestic needs and external loans for the exploitation of the natural resources of the country. The public debt amounts to 2,431,925,845 drachmas (1 drachmas = $0.19). In conclusion, Mr. Negropontès remarks that Greece's economic and financial situation at present is a guarantee for her future.

THE GREEK EXCHANGE

An analysis of Greek Exchange is given by Mr. E. J. Tsauderos, Deputy of Crete in the Greek Chamber, in an article in "Le Proche Orient," reproduced in English translation in "The Evening Post Foreign Trade Review" (February, 1920), from which we ex-

tract the following facts: Greek exchange has been below par (at ninety-nine per cent.) since 1910. The explanation of this phenomenon may be found in the following circumstances. It is true that the commercial balance has been and is to-day unfavorable, but the account is balanced in Greece's favor, first, by remittances to their kinsmen in Greece by emigrants resident in America; second, by receipts in gold of the Greek merchant marine; third, by the revenues of Greeks who settle in the country, but leave their fortunes in foreign lands; fourth, by the repatriation of the public gold debt and the diminution of the sums which were formerly exported for its service.

The Balkan Wars, during which Greek exchange followed its normal course (ninety-nine per cent.), in spite of the rapid fall in the rate of exchange in other Balkan lands, showed that the law of March 10, 1910, played an important part to the advantage of Greek exchange. This law, passed by the Greek Chamber, authorized the National Bank of Greece to issue notes of its own for the special object of purchasing gold and exchange at par, to the limit of the supply; conformably to this law and to the agreements relative thereto made between the Government and the National Bank, the latter was enabled to put into effect the dispositions of this law and to accumulate in different foreign banks gold or exchange in very important quantities. The bank is bound to return the gold or the exchange that had been purchased up to the full limit, the gold at par with one-tenth of one per cent. added and the exchange at the price of 100½ lepta (centimes) per franc on Paris.

This explains why during the Balkan Wars at first and during the World War afterwards the course of exchange was maintained so favorably for Greece. By this law the Government gave into the hands of the National Bank the monopoly of exchange and by the interplay of the buying and selling of exchange, the law of demand and supply no longer played any rôle in fixing its price. Thanks to the deposits of the bank in foreign lands, the Government, as already said, had no need in order to pay for its purchases to transfer funds or to send money out of the country.

Besides the law mentioned, the following three measures were taken during the war: (a) The National Bank, on its own initiative, instead of regulating the course of exchange on Paris, London or New York, preferred to regulate the course of exchange on Paris and London on the basis of the par value of the dollar; (b) The prohibition of the exportation of capital from Greece; (c) A new law in 1918 providing that the National Bank could issue notes protected abroad by the credits which the Allies had opened on their treasuries to the account of the Greek Government or to the account of the National Bank itself.

Swiss Financial Legislation

THE tremendous drop of a great majority of the most important foreign exchanges led to a certain uneasiness in Swiss financial circles. The institutions especially struck by these conditions were those banks that had formerly placed money abroad against mortgages and those that possess important holdings of foreign securities. Article 656 of the Swiss Civil Code prescribes that claims and securities must be valued in the balance-sheet at a price not exceeding the average market quotation of the month previous to the date of balancing books. Taking into consideration the quotations ruling end of December, 1919, in Switzerland, say, for instance: French francs = 50.00 (parity 100.00); lire = 41.50 (parity 100.00); German marks = 11.00

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(parity 123.45); Austrian kronen = 2.75 (parity 105.01); it is evident that the above severe regulations applying to the drawing up of balances might have had very serious consequences for institutions such as those above mentioned.

The Swiss Federal Council issued on December 26, 1919, a decree which will allow such institutions certain facilities:

1. A Swiss company may: (a) if it calculates its foreign claims and holdings of securities at the average quotation of the month preceding the establishment of the balance, introduce into said balance a fictitious asset, representing the difference between the value as calculated in the balance-sheet and the value they formerly had, or it may (b) leave foreign claims and securities in its balance-sheet at former values, but in this case it must clearly show in its balance-sheet the amount of these too highly valuated currencies, and mention at the same time the rate of exchange calculated.

2. In any of these two cases the difference between the then ruling and the previous value of these assets must be written off, in equal yearly fractions, by 1940.

3. Any company making use of above legal facilities may only declare dividends, and this at the maximum rate of 5 per cent., as long as above minus-value of its foreign holdings does not represent more than its reserve capital plus half its own capital, and said dividend may only be distributed after writing off the fraction corresponding to the period in question. In any other case dividends may not be declared, and the entire benefit has to go towards writing off the above fictitious asset.

4. An exception to the above regulation for drawing up balances is only made in case of ground-property and industrial undertakings situated abroad as well as holdings in such enterprises, when the Swiss company owns at least three-fourths of said shares. In such cases the previous value may be calculated in the balance-sheet. The reason for this exception was the belief

that in consequence of the diminished purchasing power of money in the affected countries an enormous increase in prices, especially for real estate property and for industrial undertakings, has taken place, and that therefore their increased value compensates probably the fall in the exchange.

The above Article 656 of the Swiss Civil Code and the facilities provided by the recent decree of the Swiss Federal Council do not apply to banking institutions only, but to any commercial or industrial concern. (From a leaflet issued by the Swiss Banking Association, Zurich.)

Distinguished Argentine Banker Visits United States

Makes Plea for Closer Business Relations

PERHAPS there are few things which more effectually contribute toward closer economic relations between nations than the introduction of those personal elements which tend to bring about a better understanding of reciprocal needs. Pure visits of courtesy, even the hurried journeyings of tourists, have their place and value; but what counts most is when a statesman, great captain of industry, or financier, who understands both local and international problems through having dealt with them, leaves his own country to visit another. Especially are the relations thus established likely to be productive of highly beneficial results when the visitor is one who has come to this country often enough to understand us and who gradually comes to have a sincere liking for the United States and its institutions. Of this class of eminent visitors is Senor Don Carlos A. Tornquist, head of the banking firm of Ernesto Tornquist & Co., Ltd., Buenos Aires, which ranks as the oldest bank in that republic.

Mr. Tornquist is an economist of wide reputation as well as a distinguished banker. His visit to this country, which is of an official character, has for its object the study of conditions, with a view to making a report to the Argentine Government of measures that will contribute to the development of closer financial and commercial relations between the Argentine Republic and the United States.



CARLOS A. TORNQUIST

While in New York Mr. Tornquist was entertained at luncheon by the Argentine-American Chamber of Commerce on April 8. He was heartily wel-

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STATEMENT OF CONDITION MARCH 31, 1920

RESOURCES		LIABILITIES	
Cash on hand and in Bank	$888,187.59	Capital	$2,000,000.00
Due from Foreign Banks	1,543,534.67	Surplus	500,000.00
Current Accounts	563,169.01	Undivided Profits	148,967.34
Investments	1,000.00	Current Accounts	8,913,752.17
Demand Loans on Collateral	8,000,000.00	Acceptances	6,526,372.99
Other Loans	20,000.00	Letters of Credit and Foreign Acceptances	2,876,672.25
Bankers' Acceptances Purchased	757,732.85	Exchange Bought — Payment Pending	4,915,578.40
Other Bills Purchased	12,803.40	Foreign Exchange	1,688,727.33
Furniture and Fixtures	10,416.75	Reserved for Taxes, etc	49,904.00
Accrued Interest, Commissions and other Items Receivable	28,988.43	Other Liabilities	20,839.48
Customers' Liability under Acceptances and Letters of Credit	9,065,128.10		
Exchange Sold—Payment Pending	6,749,853.16		
Total	$27,640,813.96	Total	$27,640,813.96

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comed by the officials and members, and responded with the address given below.

ADDRESS OF MR. CARLOS A. TORNQUIST DELIVERED AT LUNCHEON (LAWYERS CLUB) OFFERED BY THE ARGENTINE-AMERICAN CHAMBER OF COMMERCE, NEW YORK, APRIL 8, 1920.

I am deeply gratified by the honor of being the guest of your important chamber and by the references you have been good enough to make to my efforts in the direction of extending the financial and commercial relations of the United States with the Argentine Republic, of which I am privileged on this occasion to be an official representative.

I feel that in addressing the members of the Argentine-American Chamber of Commerce it would be improper for me to attempt to offer them any advice in the many elementary factors which govern the economic relations of our two countries. The progressive growth of trade between the United States and Argentina indicates the better understanding, on both sides, of our respective needs, of which we are all so very glad in both countries.

OPPORTUNITIES FOR LARGER TRADE

My present mission is to investigate conditions and to report and recommend to my Government measures which would contribute to the development of our business relations. There is a general desire in the Argentine Republic to increase commercial intercourse with you. As you undoubtedly know, a large part of Argentina's import trade is in the hands of foreigners who are naturally inclined to give preference to the products of their respective countries. It is, therefore, of great importance that you should keep this in view, in order to meet this competition. This object would be more easily attained if your capitalists would extend their enterprise to investments in sound industrial undertakings, which would create a market for the sale of your products—whether raw materials, machinery, or other finished or half-finished goods. Furthermore, the greatest attention should be given to the very serious question of ocean transportation for passengers and merchandise; your economic legislation should be reciprocal in its bearing upon all questions relating to our international commerce; and, if you will permit the suggestion, there should be a more general recognition in your official publications of the importance and standing of the Argentine Re-

public than is implied by its inclusion in the general term "Latin America."

ARGENTINA AS A FIELD FOR AMERICAN INVESTMENT

Argentina as a field for American investment offers splendid opportunities; and at the present moment, with the center of international finance transplanted from London to New York, the number of Argentine industries and commercial enterprises awaiting foreign capital for their exploitation and development should engage the careful attention of the financial groups in this country. It is obvious that an industrial undertaking carried on in the Argentine Republic with American capital would make most of its purchases in the United States, just as the British railroads in the Argentine and the two great British department stores in Buenos Aires (those of Gath & Chaves and Harrods, whose British shareholders have recently obtained a further $15,000,000 for the extension of their premises, in the face of existing conditions) would make their principal purchases in Great Britain. It is thus mere common sense to assume that trade follows investment.

RECIPROCITY IN BANKING

In regard to banking facilities, I would direct your attention to the resolution adopted by the High Commission of the Pan-American Financial Conference held in Buenos Aires in 1916, which embodied the request of the delegates of all the American countries, including Mr. McAdoo and the other members of the American delegation, that reciprocal banking facilities should be given by each country to the other. Unfortunately, the Federal and State banking laws of the United States preclude all foreign banks from direct operation in any part of the Union. Thus, while American banks may freely carry on business in the Argentine Republic, no Argentine bank—not even that great national institution, the Banco de la Nación—can establish a branch in the United States. Therefore, when it is stated that the two excellent American banking institutions operating in Argentina with merely nominal capitals, have in a comparatively brief period secured deposits aggregating more than $50,000,000, you will readily see that our banking laws are more liberal than yours. Signs of dissatisfaction at these unequal conditions have been made evident by the recent introduction in Congress of a bill to impose a tax of 20 per cent on the profits of all foreign banks whose countries do not extend the same facilities to Argentine banks. I do not think this proposed legislation will be passed by Congress, but I believe it would strengthen our economic bonds if the banking laws of the United States could be so amended as to place them on a more reciprocal basis.

PRESENT A PROPITIOUS TIME FOR INTRODUCING AMERICAN CAPITAL AND SKILL

Although the Argentine Republic is essentially an agricultural country, there are many sources of mineral and industrial wealth still awaiting foreign capital and enterprise; and there never has been a more propitious moment than the present for the introduction of American capital and American skill to exploit them. There are numerous copper, silver and other mineral deposits ready for profitable development; oil appearances all over the country, which product is being produced in considerable quantities in the south; immense seams of fine Cardiff coal at a distance of about 200 miles from the sea; and vast sources of water power, such as the Iguazú Falls, which are the largest in the world. In connection with this and other future supplies of water power, active measures are now being taken, with a view to their application to industrial purposes; and the government of President Yrigoyen has already ordered a detailed official investigation.

The present situation of the Argentine Republic, both as regards prosperity and solidity, constitutes a record in national progress, and when it is borne in mind that barely one-fifth of the cultivable areas of the republic have yet been placed under cultivation, it is difficult to overestimate the possibilities of its future, having in view the stable character of its government and the moral advance of the population. The loans and credits extended by us to European countries during and since the war are in themselves eloquent testimony to the strength of our financial resources, while legislation is now pending for the establishment of an official central institution similar to your Federal Reserve Bank, whose chief functions will be to rediscount trade bills, issue currency, and organize a credit system to enable the Government to issue its loans within the country without having to seek them abroad. These loans would then be easily financed in the republic, owing to the accumulation of capital resulting from a series of favorable trade balances. The national budgets have lately been practically balanced and I would not be surprised if the present year would even show a surplus. As a banking man, I can declare that notwithstanding strikes have been somewhat numerous during the last eighteen months—but to which no great importance need be attached — the general economic situation of the country has never been sounder and healthier than at the present time; and the Government of Dr. Yrigoyen, who so well understands the interests of the different classes of the population, enjoys the full support of the

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masses, as well as of the commercial and financial circles.

SOUND CHARACTER OF THE BANKS AND THE CURRENCY

The deposits of the principal banks at December 31, 1919, were thirteen hundred million dollars (gold), against reserves of about $405,000,000, or more than thirty per cent of the whole. The conversion office is holding gold, maintained by law exclusively as a guarantee of the currency, to the extent of over $400,000,000, or approximately eighty per cent of the whole of the notes in circulation. For the past four years Argentine money has stood at an exchange premium over the moneys of all other countries, including the United States. Its high cost within the country is due to its inelasticity, and to the limited amount in circulation, which no doubt will be remedied by the organization of the new Federal Reserve Bank referred to, as proposed to Congress by President Yrigoyen.

During 1919 the imports and exports of Argentina likewise showed substantial increases, especially in their relation to the United States. Argentine imports from the United States for the first nine months of 1919 reached $172,000,000, or thirty-seven and one-tenth per cent of the total imports, and an increase of forty-seven million over the imports of the corresponding period of 1918.

These briefly summarized figures demonstrate very clearly our commercial progress, with which many of you are already familiar, and I do not think it is necessary for me to add to them any references to the well-recognized protection which the actual Argentine Government, like those that preceded it, has always accorded to foreign capital; but I feel it is desirable that I should set forth this general outline of our economic situation, in order that your capitalists and investors may still take advantage of the conditions which have arisen as a result of the war. I would also respectfully suggest that every one of you should work toward the generalization of the A. A. A. (American-Argentine Arbitration) clause in every contract between Argentina and the United States, which up to now, unfortunately, but few American exporters seem to favor, as the adoption of that policy would not only inspire greater confidence, but would influence a substantial augmentation of the international trade.

I may say, too, that I have observed with pleasure that one seldom now hears of the complaints of our importers so general a few years back, which demonstrates the better understanding of your exporters in

handling our trade. The fulfillment of the remaining conditions I have taken the liberty to point out to you would not only assure the future of our commercial relations, but would maintain the volume of trade to which the United States is entitled.

My earnest desire is to make Americans and Argentines know and understand each other better, and that desirable object will be largely assisted by the establishment and growth of the Argentine-American Chamber of Commerce, whose initial efforts already indicate the influence which, as time goes on, it will doubtless exercise in the direction of cementing the ties of friendship and of extending the commercial relations of the two sister republics.

British Official View of Proposed Financial Conference

IN a letter from Austen Chamberlain, Chancellor of the Exchequer, the position of the British Government, with respect to the holding of an International Financial Conference, is clearly stated. Mr. Chamberlain's letter was addressed to Hon. R. H. Brand, one of the signers of the memorial presented to the Government relating to the deranged state of the foreign exchanges and proposing an International Financial Conference to consider the subject.

Mr. Chamberlain calls attention to the fact that the problem of the European exchanges and of procuring the working capital needed to restore productivity and to reorganize their currencies, in the opinion of those signing the memorial, is one too vast and urgent for adequate handling through normal banking channels, and that a more comprehensive scheme is necessary. The Chancellor of the Exchequer expresses doubts about securing the participation of the United States in the proposed conference. He states that the British Government is "impressed with the futility of attempts to solve the grave problem of reconstruction by a continuous process of new borrowing, whether in the form of internal loans to cover deficits on current expenditure, or in the form of external loans advanced by one government to another." In fulfillment of what is regarded as a duty of the United Kingdom "to make a contribution, worthy of the traditions of the nation, to the reconstruction of Europe," the Government felt it necessary "to admit certain particular exceptions to the general principle that loans from government to government should cease."

Mr. Chamberlain also definitely stated that the British Government "could not support or take a share in any scheme which involved an addition to the liabilities of the United Kingdom for expenditure in America."

Foreign Trade of British India

STUDYING the foreign trade situation of British India, the Guaranty Trust Company of New York finds the situation interesting for several reasons. One is the ability of British India both to buy foreign goods and to export surpluses from her native products. Another reason is the Indian market for American goods. Indeed, one of the most striking changes in Indian imports has been the greatly increased diversification of products coming from the United States.

IMPORTS FROM THE UNITED STATES

In the Indian fiscal year 1907-08, imports of American goods were valued at only 32 million rupees (ten million dollars); in 1913-14, the last pre-war year, the figure was 48 million rupees. For the year 1918-19, imports amounted to 174 millions, and for the following six months (April-September, 1919) no less than 140 million rupees' worth of American goods—at the rate of 280 millions a year—entered the country. In 1907-8, kerosene oil was the only American commodity sold in India in an important amount. During the first six months of the present fiscal year motor cars valued at 6.5 million rupees; metals and hardware valued at thirty millions, including large quantities of



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pipes, fittings, bars, sheets and plates, tinplates, wire and nails, builders' hardware (locks, hinges, and bolts), etc.; machinery and millwork valued at nineteen millions, ranging from typewriters to electrical appliances, and from agricultural machinery to leather belting; patent and other medicines; canned goods and other prepared foods; dyes and dyestuffs in considerable quantities; in addition to kerosene oil valued at nineteen million rupees, and sundry other articles, comprised the imports.

In some instances, the United States held undisputed first place, as in imports of motor vehicles, oil, typewriters, and certain types of hardware and other iron and steel products; in other instances, this country yielded first place to the United Kingdom by a small margin. It is reasonable to believe that while a certain amount of the increased imports from this country are a result of trade disruptions due to war conditions, a large part of the increase gives promise of being permanent.

In the period 1907-1919 there were just two constant elements in Indian foreign trade. One was the supremacy of Great Britain in that trade; the other was the supremacy of cotton manufactures among imports. Raw cotton—for which Japan has consistently been the best customer—held first place among exports until the great war demand for jute and the growth of jute manufacture in India won for gunny cloth and gunny bags primacy in the list of commodities exported.

The total volume of trade is small. In the year 1918-19, imports amounted to only 5½ rupees—about $2.25—per capita, and exports to less than 8 rupees—about $3—per capita, as compared with imports by this country during 1919 of $36 per capita and exports of $72 per capita, and similar figures for Canada of $115 and $160, respectively. Further, the increase in imports since 1907-08 has been only three-tenths, and that in exports only three-eighths. This regularity is in spite of far greater increases in most other countries, a great rise in the value

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of silver, and hence of the rupee, a great demand for Indian products by the Occident during the war, and all the other influences that have affected trade in India and throughout the remainder of the world in the last ten or twelve years.

FUTURE OF OUR TRADE WITH INDIA

Every index points to economic changes and progress in India.

To this progress the United States should contribute the share to which its industrial equipment and organization entitle it. A good beginning has already been made, and there is reason to believe that this country can hold and increase its gain, even though, as is natural, the overshadowing predominance of British capital among foreign investments in India creates a certain advantage for British goods. It is, naturally, just in the fields in which this country is preëminent—hardware, standardized machinery, motor-cars, and other metal products—that our manufacturers and traders have been able to introduce American goods, and that prospects are the best. At present, Indian tariffs are very low—2½ per cent. ad valorem on such articles as railway rolling stock, machinery and other essentials, with 7½ per cent. ad valorem duties on non-essentials and a certain number of specific duties on particular articles. There are at present no preferential tariffs in favor of Britain or her dominions or dependencies. What the prospects are in the matter of future tariff legislation, either as to rates or as to "imperial" tariffs, it is impossible to say.

The world will continue to call on the vast territory of India for large quantities of raw products, with immediate prospects of especially great demands in certain lines, such as cotton. With this, and increased foreign investments in India, it may be that we are witnessing the opening of a new economic era for that nation of 300,000,000 population. The United States can play an important rôle in that era.

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Banco Nacional Ultramarino

WITHIN recent months the Banco Nacional Ultramarino, whose head office is at Lisbon, has absorbed the following Portuguese banks: Banco de Villa Real, Banco de Bragança, Banco do Douro, and the Banco Eborense. A new branch of the bank has been opened at Lamego, Portugal.

E. F. Davies, who was formerly connected with the foreign department of the London County and Westminster Bank, which position he left to become managing director of the London, Paris and New York offices of the Banco Nacional Ultramarino, and who has been in New York lately in connection with the establishment of an agency, has been appointed managing director of the bank.

The Banco Nacional Ultramarino has been appointed sole agents of the Lon-

don County, Westminster and Paris Bank in a number of places, chiefly in Portugal and East and West Africa. A similar arrangement has been made with the Royal Bank of Scotland. Reciprocal arrangements have been made also with the Colonial Bank and the Banco Nacional Ultramarino in connection with a number of places where each is represented.

New Branches of Belgian Bank

ANNOUNCEMENT is made that the Banque Belge pour l'Etranger, Brussels, has recently opened a branch in Paris, at 12 Place de la Bourse, and will shortly open another at Bucharest, Roumania. The bank has also subscribed 5,000,000 pesetas increase in the capital of the Banco de Cartagena, Madrid, which thus becomes a subsidiary of the Banque Belge pour l'Etranger. The Banco de Cartagena has a number of Spanish branches and also one at Melilla, Morocco.

Effect of the War on Spanish Imports and Exports

EXCLUDING gold and silver the amount of imports into Spain from 1913 to 1918 experienced a steady and uninterrupted fall. The total (nominal) value in 1918 was only about forty-four per cent. of that of the 1913 imports. On the other hand, if the imports of precious metals, especially gold, be included in the total, a steady rise in the period 1914-1917 is shown. Gold imports fell from 590,744,325 pesetas in 1917 (peseta equals $0.193, normal exchange) to 33,858,720 in 1918, a decline of almost ninety-four per cent. The decrease in this item practically alone made the total import trade of Spain for 1918 only forty-seven per cent. of that of 1913, while that of 1917 had shown an actual increase.

Comparing the imports and exports, it appears that the balance of merchandise trade, which was against Spain by about 250,000,000 pesetas in 1913, and by a less amount in 1914, showed a balance in its favor of 275,000,000 pesetas in 1915, 450,000,000 pesetas in 1916 and 575,000,000 pesetas in 1917. In 1918, in spite of the limitations placed on foreign commerce by the war, the balance shown was in favor of Spain by over 360,000,000 pesetas.

Plan to Aid European Manufacturers

FROM a recent cablegram to "The Sun and New York Herald" it is learned that a plan is under consideration for aiding in the restoration of manufacturing in the Central European empires. The report states that these banks are interested: Lloyds Bank, London Joint City and Midland, Frederick Huth & Co., Morgan, Grenfell & Co., Goschen & Cauliffe, Rothschild & Sons, and Schroeder & Co.

The plan contemplates the employment of a system of semi-barter by which raw materials will be allowed to flow into Central Europe, the banking syndicate acting as trustee, with the moral support of the British Government and the strict guarantees of the Central European governments that the raw materials will remain the inviolate property of the syndicate from the time they have entered the countries in which they will be manufactured until they are exported therefrom.

It is said to be the intention of the bankers back of the scheme to start the plan working in Austria and adjoining States first, and later, if it proves successful, to increase its scope and endeavor to enlist bankers of other countries and extend the plan to all central Europe.

Danish Bank's Prosperous Year

FROM information recently cabled to Brown Brothers & Co., New York correspondents of Den Danske Landmandsbank, Copenhagen, that in-

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President
RAFAEL MORENO, Secretary
D. GARCIA, Cashier
O. M. SHUMAN, Chief Foreign Dept.

($0.50 = 1 peso)

Capital fully paid-up . . .	(pesos)	**6,750,000.00**
Reserve Funds		**4,250,000.00**

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.
Spain: Banco Hispano Americano
Hongkong: Netherland India Com'l Bank
San Francisco: Wells Fargo Nevada Nat'l Bank
New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.
Paris; Comptoir Nat'l d'Escompte
Australia: Bank of New South Wales
Shanghai: Bank of Canton, Ltd.
Chicago: Continental & Commercial Nat'l Bank
Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

stitution reports its last year's business as the best in the bank's history, with profits exceeding Kr. 38,000,000, of which Kr. 10,000,000 was transferred to reserves and Kr. 14,000,000 carried forward to undivided profit. For the year 1919 the directors voted a dividend of twelve per cent.

Annual Meeting of the Banque Federale

THE annual general meeting of the Banque Fédérale was held in Zurich, March 6, Dr. jur. von Waldkirch, chairman of the bank, presiding.

The chairman reviewed the depreciation of the foreign exchanges as a cause of the general uneasiness in the Swiss loan market. Since December, 1919, the best investment securities, and particularly governmental and railway stocks, have steadily declined, mainly as a consequence of selling from France where holders even on the present low price level can still make a profit owing to the high Swiss exchange. But Switzerland, too, derives an economic benefit from the return from abroad of her titles of indebtedness on such favorable terms even though the actual debtor may not feel it. On the other hand this movement affects adversely other departments of the investment market which are lying outside its direct influence, inasmuch as sales take place there with a view to more favorable reinvestment. Moreover, there are the new issues which find but little favor with the public. The fall of the German mark has placed under a similar predicament the stocks of those companies which are supposed to be more or less closely connected with the economic life of Germany. Here a panic-like emotion has seized the holders as a sequel to the request for moratoria on the part of a few institutions of medium or minor importance situated on the northern frontiers. Stocks and

shares were thrown on the market indiscriminately and without any consideration as to the ability of each particular firm to recoup its loss out of exchange. The public have greatly exaggerated their fears. The balance-sheets of various banks which have appeared recently go to show that especially in the case of bank shares quotations have been unduly lowered. In the case of mortgage debentures prices have been established as if the banks in question had already suspended payments. A cooler judgment and greater confidence in the future are to be recommended, for it seems indeed reasonable to hope that Switzerland, which has mercifully been spared in the great war, will be capable of weathering the present storm and writing off the exchange losses.

Referring to the question of the bankers' professional secrets, the chairman said that the recent attack directed against this right of the banks has been repulsed, but it is to be feared that it will be renewed as strange ideas are very generally entertained regarding the banks' position as the focus for all movable capital. Quite wrongly the bankers' professional secrets have often been placed on the same level with the secrecy about entries regarding landed property in public registers, which have in many cases been placed at the tax authorities' disposal. But there exists a fundamental difference inasmuch as the bankers' professional secrets represent the personal right of an individual and as such are entitled to the same protection as the business secrets of any merchant, manufacturer or the professional secrets of the solicitor, doctor, etc. The ultimate consequences of a violation of the bankers' secret in favor of the fiscal authorities cannot be gauged; but it would certainly cause a withdrawal from the banks, on a large scale, of securities and deposits and lead to hoarding. Thus the banks would lose control of the loan market, an effect under which the public bodies in need of funds would be the first to suffer. The harm to the banks and the public would more than outweigh any advantage which might secure, and the inveterate tax shirkers would still manage to escape. It is to be hoped, therefore, that also in the future a sane view will prevail on this question which is of paramount importance to the banks.

The report and accounts of the bank, together with the payment of a dividend of eight per cent., were approved.

Gross profits for the year 1919 were 10,602,182.32 francs, which added to 347,936.48 brought forward from 1918, made a total of 10,950,118.80 francs. Of this 4,937,114.07 francs was applied to expenses, and 311,757.24 francs to provision for doubtful debts, leaving net earnings 10,950,118.80 francs. After providing for the dividend, pension, etc., 800,000 francs was added to reserve and 351,247 francs carried forward.

The Anglo-Egyptian Bank, Limited

A PROVISIONAL agreement has been entered into between Barclays Bank, Ltd., and the Anglo-Egyptian Bank, Ltd., under which an offer is made to the shareholders of the latter bank to acquire their shares on the basis of nine fully-paid "B" shares for £1 each in Barclays Bank, Ltd., for each £15 share (£5 paid) in the Anglo-Egyptian Bank. The Agreement is subject to the sanction of the advisory committee on bank amalgamations and the offer is conditional upon its being accepted by the holders of not less than fifty per cent. of the shares of the Anglo-Egyptian Bank, or such less proportion as Barclays Bank may, with the consent of the board of the Anglo-Egyptian Bank, accept as sufficient.

The Anglo-Egyptian Bank has thirteen branches situated at Alexandria, Cairo, Beni-Souef, Mansourah, Port Said, Tantah, Zagazig, Khartoum, Malta, Gibraltar, Haifa, Jaffa, and Jerusalem, and arrangements have been made for opening a branch at Port Sudan.

According to the last balance-sheet, dated August 31, 1919, its total assets

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office: HELSINGBORG, Sweden

Branches STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 62 other Places in Sweden

($0.26 = 1 Kr.)

Capital Paid Up . .	**Kr. 30,000,000**
Surplus About . .	**Kr. 17,200,000**
Resources About . .	**Kr. 373,000,000**

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

Inquiries and applications for terms are cordially invited and will find prompt attention

Principal New York Correspondents { **The Mechanics & Metals National Bank** / **The National City Bank of New York**

amounted to £19,567,200, deposit and other accounts stood at £17,113,500, and alongside a capital of £600,000 there was a reserve fund of £720,000.

It is expected that this arrangement will stimulate Anglo-Egyptian trade and help in the development of the importance of Egypt as a source of raw materials—particularly of cotton.

New Argentine-American Bank

ARRANGEMENTS have been perfected for the establishment of a bank in the Argentine Republic, under the joint auspices of prominent Argentine and American financial interests, to foster reciprocal banking and trade relations between the two countries and to finance especially imports and exports.

The Argentine group, through whose initiative the American bankers were interested, includes: Hon. Romulo S. Naon, Ex-Ambassador to the United States, president of the Financial Corporation of Argentina and the United States; Julio Peña, president of the Stock Exchange of Buenos Aires; Miguel Padilla, president of the Central Cordoba Railway and of the Compañia Azucarera Padilla Hermanos; V. Villamil, of the export and import firm of Villamil & Cia; J. M. de Acosta, of Acosta & Co., president of the New York and Argentine Navigation Co.; Luis Lamas, formerly vice-chairman of the Banco de la Nacion; Horacio Beccar Varela, president of the Argentine Petroleum Co., of Comodoro Rivadavia, director of the Banco de Galicia; Pedro Bercetche, of the firm of Salaberry & Bercetche, merchant bankers, and Dr. Manuel de Yriondo.

It is understood that Dr. Yriondo, formerly Minister of Finance of the Argentine Republic and for many years president of the Banco de la Nacion, an official institution and the largest bank in the country, has agreed to accept the presidency of the new bank.

The American group, which will be represented in the bank through stock ownership by the Mercantile Bank of the Americas, includes: Messrs. Brown Bros. & Co.; J. & W. Seligman & Co.; Guaranty Trust Co. of New York; National Shawmut Bank of Boston; Anglo and London Paris National Bank of San Francisco; Hibernia Bank and Trust Co., New Orleans; Continental and Commercial National Bank of Chicago; Columbia Trust Co., New York; Guardian Savings and Trust Co., Cleveland, Ohio.

The new bank will thus be affiliated with the Mercantile Bank of the Americas and in intimate touch with its chain of affiliated American banks and branches already established in Latin America, France and Spain.

The organization of this new bank is a particularly interesting and noteworthy event in that it is the first time that important Argentinos and Americans have combined for the formation of a bank in the Argentine Republic

and undoubtedly presages growing financial coöperation between the two countries.

Banco de Chile

AT the annual meeting of shareholders of the Bank of Chile, held in Santiago January 12, the report presented showed earnings for the year 1919 $5,478,297.01, which added to the undivided profits made a total of $8,589,551.88. Out of this sum there was distributed in dividends $4,800,000, and $480,000 was passed to the pension and bonus fund, leaving $3,309,551.88 in the undivided profits. The balance-sheet showed also a reserve fund of $34,000,000 and paid-in capital $60,000,000. (The value of the Chilean peso being, roughly, twenty cents in U. S. money.)

The capital of the Bank of Chile has been increased to $200,000,000 by the emission of 400,000 shares of $200 each, with fifty per cent. of the value paid up.

Foreign Trade of Australia

THE Commonwealth trade returns for October, show imports of merchandise £5,639,175, against £8,111,998 for October, 1918, or a decrease of £2,472,823; and exports of merchandise £13,287,780, against £6,621,482, or an increase of £6,666,298.

Progress of the Chinese Consortium

LATE dispatches from the Orient indicate that satisfactory progress is being made in effecting a consortium of the banks of the United States, Great Britain, France and Japan for making loans to China. It is reported that the opposition of the Japanese bankers to the plan has been overcome and their coöperation secured. A loan of $250,000,000 to China is proposed, to be advanced in $50,000,000 installments, the proceeds to be employed for the improvement of Chinese finances and for internal works.

Thomas W. Lamont, of the firm of J. P. Morgan & Co., New York, has been in the Far East for some time, engaged in the work preliminary to carrying out the plans of the consortium.

Public Debt of Australia

THE public debt of the Commonwealth of Australia, on Sept. 30, 1919, amounted to £350,021,360, or an increase of £24,237,695 as compared with three months previously, the movement being the result of the "Peace" Loan for £25,000,000, and on the other hand repurchases during the quarter. The total debt includes £208,544,540 on account of the war, which compares with the amount at June 30, 1919, as follows:—

	June 30, 1919	Sept. 30, 1919
	£	£
Total amount raised..	188,470,700	213,470,700
Less cancelled	4,018,140	4,926,160
	184,452,560	208,544,540

From this it appears that during the September quarter £908,020 was employed in repurchases, against £754,990 in the June quarter, and £802,280 in the March quarter.

Australasian Gold Production

IT is learned from "The Australasian Insurance and Banking Record," that gold production in Australia during 1919, has further declined, the approximate total of 1,074,713 oz. fine being less by 202,761 oz. than that for the preceding year. As compared with 1913, the decrease is over fifty per cent. The value for 1919 is approximately £4,565,088, against £5,426,360 for 1918, or a decrease of £861,272. New Zealand does not publish returns of production, but to complete the figures be-

Nordisk Bankinstitut A/S

Christiania, Norway

Paid up capital of 8 Million Kroner

Makes American business a specialty and offers its services to banks and bankers in the United States of America.

low, an average of 235,420 oz. fine or £1,000,000 in value is assumed for the last three years. Any assumption is necessarily arbitrary, and if the falling off in New Zealand has been in similar proportion to that in Australia the actual production would be less than that assumed.

Annual Report of the Bank of Japan

THE annual report of the Bank of Japan, for last year, shows conditions in that country much like those in the United States. There was a general business hesitancy at the opening of the year, followed later by heavy speculation in the late fall months, money rates tightened and speculation was checked to some extent. The report mentions the purchase by the bank of approximately $150,000,000 in gold coin and bullion from the United States, Canada and Siberia, and states that there were heavy increases in the issue of bank notes, the highest figure at the end of the year showing more than $780,000,000.

The year-end figures of the bank showed that there were increases of $119,525,000 in specie reserve and $80,655,348 in securities. The ratio of specie reserve to notes in circulation was 61.2 per cent. as compared with 62.2 per cent. in the preceding year. Compared with figures for the preceding year the report shows that transactions of the bank in bullion exceeded in receipts by $136,601,587 those of 1918, while the amount released increased $34,954,321.

Dai-Ichi Ginko

FOR the half-year ending December 31, 1919, the net profit of the Dai-Ichi Ginko, Limited, of Tokyo, was yen 4,017,957.32, to be added to yen 1,115,072.70 brought forward from last account. The directors recommended the following distribution:

	Yen
Bonus for directors, auditors and chief officers..	200,890.00
Officers Pension Fund....	80,350.00
Reserve Fund	2,300,000.00
Dividends	1,329,750.00
Carry Forward	1,222,040.02

With the addition to the reserve fund above noted, that item rises to yen 18,500,000.

International Banking Notes

THE Bicester Bank, established by Messrs. Tubb & Co., as a private banking house in 1793, has been acquired by Barclays Bank, Limited.

———o———

A British bank will take over on a commission basis the entire flax supply

of Esthonia, Latvia and Lithuania for the next fifteen years, the banking house to advance credits to the three countries and accept their flax crops as lien.

———o———

Pelotas and Maceio, Brazil, have new branches of the London and River Plate Bank.

———o———

Figures compiled by the London Joint City and Midland Bank show that, exclusive of British Government loans, the new capital issues in the United Kingdom, for the first two months of 1920, represented an aggregate of £77,860,003, compared with £28,014,323 for January and February, 1919.

———o———

In the interest of furthering trade relations between the United States and Scandinavia, the Liberty National Bank of New York, has inaugurated a publication entitled "Present Day Scandinavia," dealing with important financial, industrial and economic conditions in Norway, Sweden and Denmark.

Banking as a Career

THERE appears to be a considerable difference of opinion amongst the readers of the *New York Evening Sun* as to the possibilities of banking as a career. "K. P. F." advises the parents of a boy of 16 years that to place him in a bank would be equivalent to ruining his chances of success. "J. P. M.," however, takes exception to their view and is convinced that the boy if of initiative and ambition is sure to make good in banking if he will study and apply himself diligently.

The letters follow:

DON'T BURY BOY IN A BANK

"M. P." Is Advised It's a Poor Business To Embark In

To the Editor of the Evening Sun—

I have read with interest the letter of "M. P." printed in to-night's Sun seeking advice as to a son 16 years of age; also asking whether a bank would be a good place for a boy to start as messenger.

I have had sixteen years banking experience, and let me tell "M. P." under no circumstances to let the boy get in any bank, for if he once gets in he will have the devil's own time getting into any other line of business, for it seems that commercial concerns have no use for bank men. His chances for advancement in a bank are very poor, unless he is taken up and pushed along by the controlling interest, and bank employees today are about the poorest paid class of workers.

I would suggest that "M. P." advise the boy to continue in school and take up studies that will fit him for a promising career and the acquirement of money, such as dentistry, engineering, medicine or law.

But let me say once again to "M. P.," do not let your son get into a bank or anything that looks like a bank.

From one who has had considerable banking experience. K. P. F.

HE LIKES WORK IN BANK

"J. P. M." Is Getting Ahead, Too, Because He Studies

To the Editor of the Evening Sun—

In answer to the letter of "M. P.," asking advice as to the future of his sixteen-year-old son, I wish to state that he is making no mistake in starting the boy in a bank. With reference to "K. P. F.'s" reply to "M. P.'s" letter, I would say that "K. P. F." apparently is a disappointed bank clerk, and he may lack the necessary initiative of making a success in any line of business.

I might suggest that the boy be given a chance as a bank's messenger, and at the same time be sent to evening high school, providing his parents are not in a position to send him to college. If a young man has ambition and "push" he will get to the top. Take all the big men at the head of big corporations and you will find that more than 50 per cent. have never seen the inside of a college.

Where does "K. P. F." get the idea that commercial houses do not want bank men? Has he ever read the "want ads"? Also how many commercial houses want ex-lawyers, ex-doctors or ex-engineers? It's the man himself—what he makes himself—to-day. I have had several years' banking experience, and I find my employers and fellow workers of the highest standard of manhood. My advancement has been rapid, due to the fact that I have used initiative and for the last five years have studied as I have suggested to "M. P." At the present time I go to business every week day and study three nights a week at Columbia University.

From one who has also had banking experience. J. P. M.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Ansley, D., Central Trust Co., San Antonio, Tex.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Baker, I. W., Mgr., Advertising Dept., Guardian Savgs. and Tr. Co., Cleveland, Ohio.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Banco Mercantil Americano Del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Baugher, E. M., president, The Home Building Association Co., Newark, Ohio.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Bernheim, E., Ph.D., Foreign Dept., The National Shawmut Bank of Boston, Mass.
Billings, K., asst. advertising mgr., Scandinavian American Bank, Tacoma, Wash.
Bize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, G. W. C., assistant secretary, Tidewater Bank & Trust Co., Norfolk, Va.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.
Buzbee, Minnie A., manager Advertising Department, American Bank of Commerce & Trust Co., Little Rock, Ark.

C

Conhaim, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
Cotton Belt Savings & Trust Co., Pine Bluff, Ark.
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Davis, Clark B., asst. secy., Franklin Tr. Co., 166 Montague St., Brooklyn, N. Y.
Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Deily, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Delson, Louis E., publicity manager, Central Trust Co. of Illinois, Chicago, Ill.
Dysart, W. R., cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Ekirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Garner, Percy, publicity manager, Wachovia Bank & Trust Co,. Winston-Salem, N. C.
Gehle, Frederick W., manager advertising department, Mechanics & Metals National Bank, New York.
Gehrken, George A., manager, New Business Dept., Seaboard National Bank, New York.
Germo, Eleanor, manager publicity department, Los Angeles Trust & Savings Bank, Los Angeles, Cal.
Grimm, H. B., director, Dept. of New Business, St. Joseph Valley Bank, Elkhart, Ind.
Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hamsher, C. F., president First National Bank, Los Gatos, Cal.
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Higley, J. N., advertising department, First National Bank, Youngstown, Ohio.
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
Hodgins, J. H., Statistical Dept., Union Bk. of Canada, Toronto, Canada.
Hoffman, A. C., manager, department of publicity, Security Trust & Savings Bank, Los Angeles, Cal.
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.
Holderness, M. E., vice-president and adv. mgr., First National Bank in St. Louis, Mo.
Hudson, Paul L., assistant cashier, First National Bank, Corona, Cal.
Hunter, Harold G., Sec'y and Treas, Kansas City Terminal Trust Co., Kansas City, Mo.
Hutchins, E. M., publicity manager, Seaboard National Bank, New York.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, Chicago, Ill.
Johnson, E. W., Warren National Bank, Warren, Pa.
Jones, Marshall H., asst. cashier First and Citizens National Bank, Elizabeth City, N. C.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Keeton, Monroe, manager Savings Department, Merchants & Farmers Bank, Meridian, Miss.
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.
Kommers, W. J., vice-president, Union Trust Co., Spokane, Wash.

L

Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Le Beuf, Mae (Miss), publicity department, Hibernia Bank and Trust Co., New Orleans, La.
Logan, John, cashier, Columbus State Bank, Columbus, Mont.

Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.
Lyons, Chas. S., Puget Sound Bank and Trust Co., Tacoma, Wash.

M

McCorkle, Josephine C., publicity manager, The City National Bank, Evansville, Ind.
McDowell, J. H., American Trust and Banking Co., Chattanooga, Tenn.
Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, Ohio.
Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
Matthews, H. B., advertising manager, S. W. Strauss & Co., 150 Broadway, New York City.
Mead, Harold O., asst. cashier, The Bkg. Corporation of Montana, Helena, Mont.
Merrill, Frank, advertising manager, Northwestern National Bank, Minneapolis, Minn.
Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York.
Miner, J. H., manager, Dep't of Public Relations, Seattle National Bank, Seattle, Wash.
Moniteur des Interets Materiels, 27 Pl. de Louvain, Brussels, Belgium.
Morgan, L. J., advertising manager, First National Bank, St. Joseph, Mo.
Muller, John, 49 Sonneggstrasse, Zurich, Switzerland.
Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

N

Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

O

Overton, J. A., cashier, National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.
Pollock, Willits, manager commercial service department, First Wisconsin National Bank, Milwaukee, Wis.
Poole, John, president, Federal National Bank, Washington, D. C.
Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.
Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.
Pratt, Thomas B., Henry L. Doherty & Co., 60 Wall Street, New York City.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
Reid, Carol S., publicity manager, People's Bank, Ltd., Hilo, T. H.
Rittenhouse, C. M., Farmers Loan and Trust Co., New York.
Rouff, Melvin, assistant cashier, Houston National Exchange Bank, Houston, Tex.
Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
Ryland, Cally, manager, new business department, American National Bank, Richmond, Va.

S

Sacramento Bank, Sacramento, Cal.
Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
Sclater, A. G., Union Bank of Canada, 49 Wall St., New York.
Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
Shepherd, George W., c/o International Trust Co., Boston, Mass.
Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
Staker, F. M., manager, publicity dept., Commerce Trust Co., Kansas City, Mo.
Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
Stover, J. C., secretary-treasurer Indiana Savings and Loan Association, South Bend, Ind.
Sutton, Frederick T., publicity mgr., Mercantile Bank of the Americas, New York.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.
Tidewater Bank and Trust Company, Norfolk, Va.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president, Sioux Falls National Bank, Sioux Falls, S. D.
Wadden, Thomas A., vice-president, Lake County Bank, Madison, S. D.
Wells, Geo. T., assistant cashier, Denver National Bank, Denver, Colo.
Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.
Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.
Williams, John L., vice-president, Woodside National Bank, Greenville, S. C.
Winship, Addison L., vice-president and manager, New Business Department, National Shawmut Bank, Boston, Mass.
Withers, C. K., trust officer and publicity manager, Mechanics National Bank, Trenton, N. J.

Z

Zambrano, Adolfo, Jr., cashier, c/o A. Zambrano e hijos, bankers, Apartado No. 6, Monterrey, N. L., Mexico.
Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Bauder-Baker, Union Bank Bldg., Chicago, Ill.
Frost, Lloyd A., treasurer, Guaranty Trust Company, Cambridge, Mass.
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
Norberg, P. G., publicity manager, Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.
Streicher, John H., new business department, the Commercial Savings Bank and Trust Company, Toledo, Ohio.

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Banking and Financial Industry

SPECIAL The BANKERS MAGAZINE SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL - - - - $5,000,000.00
SURPLUS - - - - 5,000,000.00
UNDIVIDED PROFITS 2,100,000.00

OFFICERS

HARVEY D. GIBSON	President
DANIEL G. REID	Vice President
ALEXANDER V. OSTROM	Vice President
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SIDNEY W. NOYES	Vice President
MAURICE F. BAYARD	Vice President
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FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
RAYMOND G. FORBES	Assistant Cashier
DANFORTH CARDOZO	Assistant Cashier
EDWARD J. WHALEN	Assistant Cashier

When You Build That New Home for Your Bank

You will require the services of a competent bank architect and equipment engineer who can provide you with a distinctively modern building, with first class equipment throughout and absolute security in vault work. Convincing evidence that we furnish complete service of this character is shown by the fact that we have been selected by the following banks among many others:

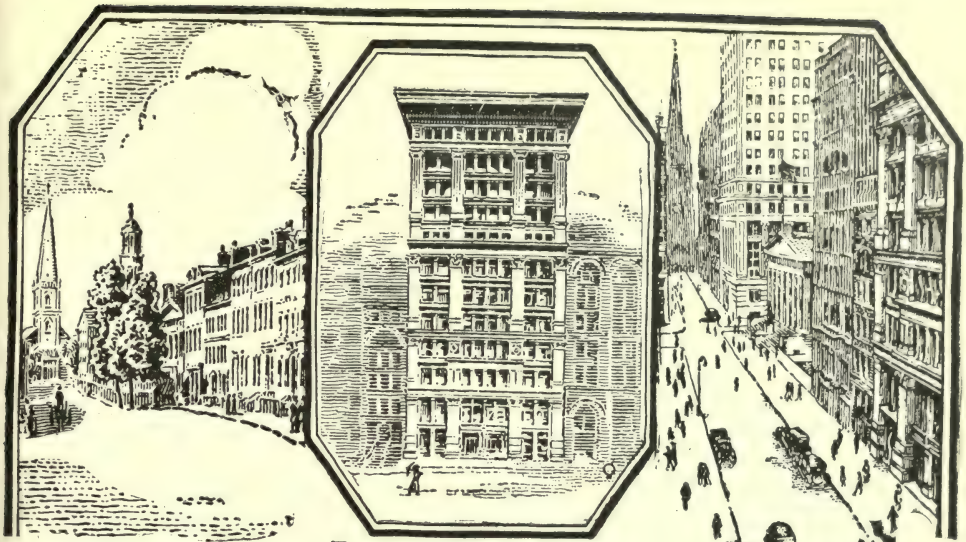
Hibernia Bank & Trust Company, New Orleans, La.
Seaboard National Bank, New York
National Bank of Commerce, New York
Asia Banking Corporation, New York
Mercantile Trust Company, New York
American Exchange National Bank, Dallas, Texas
Charlotte National Bank, Charlotte, N. C.
First National Bank, Jersey City, N. J.
Greenwich Trust Company, Greenwich, Conn.
Colonial Trust Company, Philadelphia, Pa.
Titusville Trust Company, Titusville, Pa.
First National Bank, Richmond, Va.
Virginia Trust Company, Richmond, Va.
Planters National Bank, Richmond, Va.
Lynchburg National Bank, Lynchburg, Va.

We shall be pleased to make suggestions regarding the most efficient and economical methods of meeting your requirements without obligation on your part.

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York



Wall Street 1799

Bank of the Manhattan Company

Wall Street 1920

A Consolidation of Two Historic Banks

EVEN the most hardened cynic who can see no romance in banking will have to admit that there is a very real sentimental as well as practical significance in the news of the consolidation of New York's two historic financial institutions—The Merchants Bank of the City of New York and the Bank of the Manhattan Company. One can even fancy that the spirit of Alexander Hamilton, that hovers about Trinity Churchyard where his earthly remains have been buried these hundred years, must gaze down the street and look with wonder at this sequel to the story which he began over a century ago.

For the consolidation of these two banks marks the final episode in that historic drama in which Hamilton and Aaron Burr played the leading rôles. Hamilton was the founder of the Merchants Bank; Burr of the Bank of the Manhattan Company, and the animosities and rivalries growing out of these events had an important bearing on the series of quarrels that resulted in the fatal duel which marked the close of Hamilton's career.

In 1798 New York passed through a severe epidemic of yellow fever and in this event Burr saw his opportunity. Realizing that the Federalists in the Legislature would oppose the grant of any financial privileges to the Republicans (his own party) he succeeded in convincing the authorities at Albany that the recent epidemic pointed to the need of a company to supply the city with "pure and wholesome water." This seemed a reasonable suggestion, and the charter was granted in 1799, but not before Burr had shrewdly inserted a clause permitting the Manhattan Company "to employ all surplus capital in the purchase of public or other stock, or in any other monied transactions or operations not inconsistent with the Constitution and laws of New York or of the United States." This charter permitted the Company to engage in practically every banking operation.

Four years later, in 1803, Hamilton drew up a charter for the Merchants Bank and application was made at Albany for state authorization. At this time the position was the reverse of that in 1799. The Republicans (Burr's party) vigorously opposed the granting of the charter, contending that there was no need of another bank. A bitter controversy ensued which finally cul-



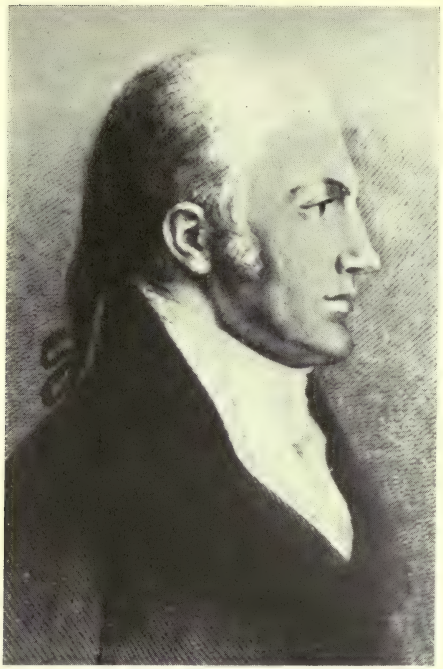
Wall Street in 1803

minated in the granting of the charter.

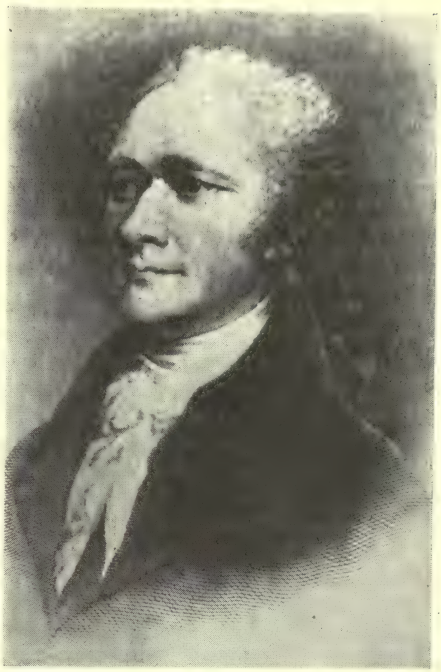
Both institutions located side by side on Wall Street, one at 40 and the other at 42, and there they have remained for over a century. At first they had separate buildings and although near neighbors they ignored each other with that cold indifference that neighbors often display. Later, however, as time gradually dimmed the memories of old animosities. they became better friends, and in 1882 joined in erecting a building which has housed both institutions since that time with only a thin marble partition separating. And finally to-day masons are at work knocking down this wall and the two banks are one and the same. It is as though two old neighbors had decided to forget the quarrel of their boyhood and to tear down the wall which for years had separated their two estates.

The history of these two banks would be at the same time a history of New York and to a large degree a history of American banking. Both have successfully weathered all of the storms and panics that have marked the past century. They have passed unscathed through the perils of the War of 1812, The Mexican War, The Civil War and the Great World Conflict that has just finished. Through the financial panics of 1837, 1857, 1873, 1893, 1903 and 1907 they have come with ever-increasing strength. After more than a century, in which there have been fires, floods, crop failures, war and panics; through the vicissitudes of a nation in the making, these united banks stand to-day strong in the power which time and experience alone can give.

These banks have passed through all the different phases of our banking development. They have seen the organization and dissolution of our two cen-



AARON BURR



ALEXANDER HAMILTON

tral banks, they have lived through the era of Jackson's pet banks, watched the establishment of the independent Treasury and the inauguration of our National Banking System and finally the adoption of the Federal Reserve Act.

Students of history and lovers of the romantic past will find in the banking-rooms of these united institutions a veritable treasure-house of interesting relics. They may see and examine, for example, an old ledger (now over a hundred years old) hand ruled and wonderfully bound in massive leather in which will be found a record of both Hamilton's and Burr's account with the Merchants Bank. It is interesting to note that both of these men, although they were tremendously powerful and influential, were possessed of very limited personal fortunes. The visitor may also see sections of the old wood mains that used to convey the water supplied by the Manhattan Company.

Other interesting mementos are paintings of some of the fine old clipper ships that were the glory of our early merchant marine. Many of the owners of these ships were clients of the Manhattan Company and the Merchants Bank. Here also the visitor may see many interesting old prints of early New York and also portraits of some of the officers of the banks, notably Aaron Burr and Oliver Wolcott, first president of the Merchants Bank.

HISTORY OF THE MANHATTAN COMPANY

As has previously been stated, the Manhattan Company was organized in 1799 as a water company. The work of installing a system of waterworks was begun at once, and eventually the system extended up Broadway as far as Bleecker Street, serving 2,000 houses and having twenty-five miles of mains. The company continued to operate its water service until the Croton system was completed in 1842.

Consideration was at once given to the matter of employing the surplus capital of the Company in accordance

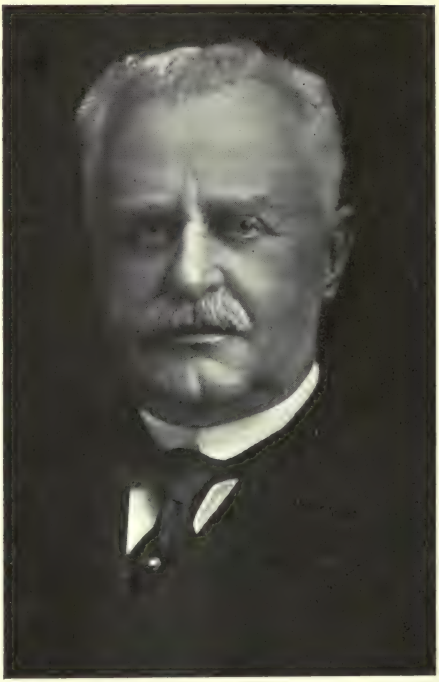
with the enabling clause in its charter, and it was decided to open "an office of discount and deposit."

Two of the accounts now on the books of the bank date back to those early days; one, belonging to a well-known wholesale drug house of New York, having been opened in 1799, and the other, that of a strong and highly respected banking institution of Trenton, New Jersey, in 1804.

In 1808 the Legislature of New York, in amending the charter of the Manhattan Company, reserved for the state the right to take one thousand shares of its capital stock, and it still holds these thousand shares. It owns no other bank stock. The "Mayor and Commonalty of the City of New York," was an original stockholder and still holds the shares acquired at the time the bank was organized.

In 1853 the bank became one of the original members of the New York Clearing-House Association and stands, in order of seniority, "No. 2" on its roll. In 1917 it became a member of the Federal Reserve System.

In 1918 the bank absorbed the Bank of the Metropolis at 31 Union Square, converting that bank into its uptown office and providing convenient banking facilities for its clients in that section of the city. In January of this year, a merger was effected with the Bank of Long Island, with thirteen offices located in the Borough of Queens.



STEPHEN BAKER
President Bank of the Manhattan Company, New York

HISTORY OF THE MERCHANTS BANK

The Merchants Bank opened its doors for business on June 2, 1803. It had been organized by merchants for merchants and as stockholders it had 391 of the most prominent mercantile men of New York. Its first president was Oliver Wolcott and a board of directors composed of Richard Varick, Peter J. Munro, Joshua Sands, Thomas Storm, William Woolsey, John Howe, John Kane, Joshua Jones, Robert Gilchrist, W. Van Zandt, Jr., Isaac Bronson, James Roosevelt, John Swartwout, Henry G. Wyckoff, Isaac Hicks and Henry A. Coster.

Oliver Wolcott, the first president of the bank, had a distinguished and useful career. At the age of eighteen he graduated from Yale College and served with distinction in the War of Independence. He was admitted to the Bar; became Comptroller of Public Accounts in 1788; Auditor of the Treasury in 1789; Comptroller of the Treasury in 1791, and Secretary of the Treasury in the administration of Washington and Adams. In 1814 he returned to Connecticut and was elected Governor of that State for ten successive years, 1817-1827.

In 1838 after having occupied its original building for thirty-five years, it became evident that the institution had outgrown its quarters and a new building was erected on the same site, built of granite at a cost of $40,000. It was in this building that on June 17, 1865, were executed the articles of association and certificate of organization under which the Merchants Bank became the Merchants National Bank of the City of New York.



RAYMOND E. JONES
First Vice-President Bank of the Manhattan Company, New York

In 1853 when the New York Clearing-House Association was organized, the Merchants Bank was among the foundation members. To-day it retains its original number which is 3.

The present building of the bank was erected in 1883 to house both the Merchants and the Manhattan Company. The interior of the banking-rooms is finished in marble with a ceiling of the same stone, one of the few surviving examples of this type of building. In the officers' quarters are several beautiful fireplaces with marble mantel pieces exquisitely carved. A visitor to these rooms is immediately impressed with the feeling that he is in the presence of an institution which has stood the test of time and has gathered that atmosphere of historic associations which time alone can give. In 1903 the same building was enlarged by the addition of three extra floors.

On March 1, 1920, as an intermediate step in the bank's merger with the Bank of Manhattan Company, it was reorganized as a state bank under the same corporate title under which it was organized in 1803—Merchants Bank of the City of New York. On March 29 the merger with the Bank of the Manhattan Company became effective, which is now the corporate title of the merged banks.

So much then for the historical and sentimental background of these two banks that are now one. The practical significance of this merger is not to be ignored. Although these banks are both rich in past traditions, they are by no means blind to the needs of the present. The present personnel which includes the entire official staff of both banks is one which is very much alive and imbued with the same spirit of enterprise which characterized the early founders of these banks.

The combined institutions have a capital and surplus and undivided profits of about $20,000,000 and total resources of more than $200,000,000; an uptown office on Union Square and offices in Long Island City, Jamaica and eleven other industrial centers of Queens County. The combination provides greatly increased facilities in every department and marks a new era of progressive service to customers.

Stephen Baker is president under the new organization. Mr. Baker was born at Poughkeepsie, N. Y., August 12, 1859. He was educated at Riverside Academy, coming to New York in 1875, where he entered a dry goods commission house. His banking career began in 1881 when he entered the service of the American Exchange Bank. In 1885 he became associated with John S. Kennedy, private banker and in 1891 became associated with the Bank of the Manhattan Company as vice-president. Mr. Baker was elected president in 1893. He is also one of the original trustees of the Bankers Trust Company. He is also a trustee of the Bowery Savings Bank. He is vice-president of the New York Clearing House Building Company. Mr. Baker has always taken an active interest in church and charitable affairs and was



DANIEL LUDLOW
First President Bank of the Manhattan Company



OLIVER WOLCOTT
First President of the Merchants Bank

a delegate to the recent General Convention of the Episcopal Church.

Raymond E. Jones, formerly president of the Merchants Bank, is first vice-president. Mr. Jones was born in New York and educated in New York schools. His first banking connection was with the New York agency of the Royal Bank of Canada. By reason of his energy and personality Mr. Jones worked his way up rapidly from a subordinate position to that of head agent, which position he resigned in 1918 to become vice-president of the Merchants National Bank. Shortly afterwards he was elected president. Under his administration the Merchants National Bank has enjoyed a period of continuous expansion. Mr. Jones is a director of the American Fire Insurance Corporation, the National Thrift Bond Corporation, the Sugar Sales Corporations and several others.

Other officers of the Bank of the Manhattan Company after the consolidation will be as follows:

Vice-presidents, James McNeil, B. D. Forster, Harry T. Hall, Edwin S. Laffey, P. A. Rowley, F. L. Hilton, D. H. Pierson, V. W. Smith; cashier, O. E. Paynter; assistant cashiers, W. F. Moore, John S. Baker, I. S. Gregory,



Broadway at Trinity Church in 1803



Robert Fulton's "Clermont"—1807

H. M. Bucklin, W. A. Rush, Geo. S. Downing, E. S. Macdonald, O. G. Alexander.

With its historic traditions of sound banking so ably upheld by its present management it is safe to predict for the Bank of the Manhattan Company of the future the same continuous prosperity it has enjoyed in the past.

The statement of condition at the close of business April 12, 1920, follows:

Resources		
Loans and Discounts		$112,496,292.73
U. S. Govt. Bonds & Ctfs.		10,352,233.50
Other Securities		7,970,313.84
Bank Premises		2,885,714.84
Due from Banks		10,421,821.54
Ex. for Clearing House		79,103,105.10
Other Cash Items		7,612,918.54
Customers Liability Under Com. Credits		10,995,817.44
Cash		11,621,682.87
		$253,459,900.40

Liabilities		
Capital		$ 5,000,000.00
Surplus		12,500,000.00
Undivided Profits		3,646,494.20
Reserve for Taxes		555,021.59
Acceptances		12,028,130.50
Deposits—		
Individual	$167,119,527.34	
Banks & Trust Co.'s	27,716,504.70	
Sav. Bks.	5,364,765.37	200,200,797.41
Bills Payable and Rediscount		19,529,456.70
		$253,459,900.40

Looking for a Workless World

WHILE in London recently, Irving T. Bush, a well-known American business man, had the following to say about existing conditions:

America is regarded abroad as a land flowing with milk and honey and unlimited wealth, whereas, actually the country's financial machinery is suffering from an attack of acute indigestion owing to the glut of Liberty Bonds. Millions of dollars are required to finance the nation's own enterprises. The balance of trade should indicate that enormous quantities of money are there with which the war-stressed countries could be helped to their feet, but no one seems to know just where it is. The American bankers are unable to find it. I can only attribute this to the causes named.

America itself is going to suffer in the long run from the situation which is temporarily adverse to England. The United States is becoming reconciled to the necessity of dropping out of the export market, with the exception of trading in copper and some few raw materials which she alone can furnish the world. The result inevitably will be a gradual slowing up in American industries, and the country's own shelves will begin to be replenished.

I do not anticipate a panic, but American business men have been in a drunken delirium for the last couple of years, and a moderate dose of hard times will readily bring us to earth and do us good.

When surplus labor results from this slowing down of industry, then labor and capital will be on the way to the restoration of normal relations and the whole economic system of the country will be on a healthier basis. The big trouble has been that the world has been trying to find a substitute for work.



Exterior View of New York Office of Hollister, White and Company

Notable Success of Purposeful Plan

SUCCESS in business is not an accident nor the result of a sudden effort. It is because the enterprise has been reaching out into new soil, growing steadily, and adding to its capacities day by day. It is the result of everlasting persistence, based upon a far-sighted plan, business courage and faith.

Such, in brief, is the story of Hollister, White & Co., whose unusual record of success has been in a large measure attributed to the ideals which they have consistently kept before them in living up to the high standards and ethics of the Investment Banking Profession.

From their start, some nine years ago in Boston, the keen visioned executives of this organization have guided its destinies by a definite creed—a creed whose basis is a firm belief in the economic stability and investment merit of established enterprises manufacturing staple and consumable goods.

They have demonstrated the soundness of this doctrine by their development and financing of essential industrial enterprises and by the substantial returns to investors in the securities brought out by the house.

Hollister, White & Co. have achieved the distinction of being the pioneers in educating the investing public to the fact that the securities of established manufacturing enterprises combine to a remarkable degree the features which tend to make the ideal investment—particularly their freedom from the stock market manipulations which have been so freely criticised by the Board of Governors of the Federal Reserve Bank.

The success of Hollister, White & Co. has been due to their correct analysis of the psychological reactions of the general public, of meeting a popular demand and of maintaining the personal touch. For they have never lost sight of the basic fact that the investor is a human being with most human likes and dislikes—prejudices if you will. The investor is most easily interested and most confident in things he can see himself, in his own home town—the hat factory on Main Street, the big shoe factory near the station. He likes to watch the factory's busy trucks carrying its products to the markets of the world, to listen as he passes to its whirring machinery, to feel that *he* is sharing in the profits of this hive of industry—that it is *working for him.*

Hollister, White & Co. believe that

this confidence of the investor in industries producing the vital necessities of civilization is well founded. They point out that this is an age of unprecedented industrial development, that the artificial barriers between capital and labor are rapidly being broken down and that a spirit of understanding cooperation is growing day by day. Profit-sharing plans and the extensive holdings by workers of securities in the enterprises which employ them are cited as evidence that these are concrete, demonstrable facts and not mere pleasing theories.

Therefore, this remarkable house has concentrated its distribution campaigns largely in the communities where such enterprises are located and with which the public is more or less familiar. They have addressed themselves, not to the giants of finance, but to the small investor, always endeavoring to maintain the personal touch—the point of human contact.

To this end, branch offices have been opened from time to time in order that the customer may have the advantage of personal attention and sympathetic interest in his investment problems. This inevitably makes for a confidence and a satisfied clientele that is most difficult to obtain in any other manner.

Thus, from the original home office at 50 Congress Street, Boston, there have sprung offices in New York, Philadelphia, Newark, Providence, Springfield, Pittsfield and Portland, covering that unique section of the United States where sixty per cent. of its essential manufacturing enterprises are located —the Workshop of the Nation.

At the head of this progressive investment banking house, F. R. Switzer, the president, a man of strong personality and an indefatigable worker, has built up an unusual organization on a basis of personal service for its customers. Of long experience in financial affairs, his hand at the helm is a powerful factor in the present position of the house. H. P. Faxon, a graduate of Harvard, is vice-president and is a student of economics of marked ability.

In the heart of New York's financial district, at 92 Cedar Street, Charles Wesley presides over the local affairs of the house with the efficiency derived from long experience in selling nearly every class of high-grade securities. To an unusual extent, he enjoys the confidence of large underwriters and in his former firm of Charles Wesley & Company participated in the underwritings of many of the large New York Syndicates—an advantage now enjoyed to an even greater extent by the New York Office of Hollister, White & Company.



CHARLES WESLEY
Vice-President Hollister, White and Company

Covering the great industrial and mining regions of Pennsylvania, R. T. Veitch has charge of the Philadelphia offices in the North American Building. Mr. Veitch's years of experience in selling securities throughout New England, New York and Pennsylvania have given him a wide acquaintance in financial circles and a long experience in the financing of large enterprises which especially adapts him to act as an adviser in investment matters.



Office of Charles Wesley, Vice-President Hollister, White and Company



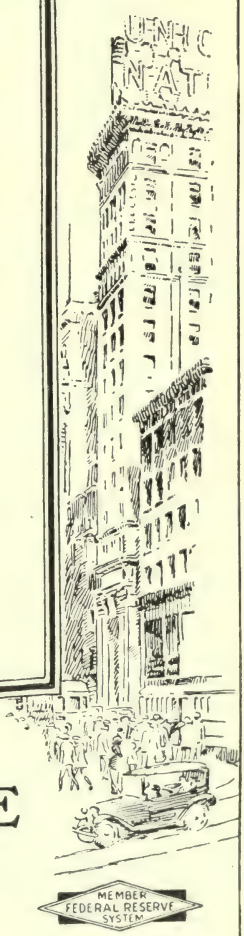
Partial View of New York Office of Hollister, White and Company

Banking and Financial Notes

SPECIAL The BANKERS MAGAZINE SECTION

CLEVELAND'S importance in the industrial field makes a Cleveland account peculiarly valuable to a commercial bank.

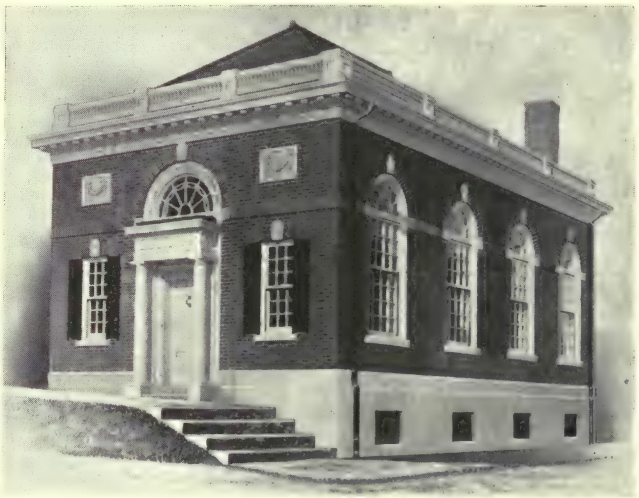
The Union Commerce National is equipped to handle commercial banking transactions of every type and any magnitude—and by reason of the scope of its activities it enjoys prompt access to various sources of dependable business information.



This bank with its affiliated institution—The Citizens Savings and Trust Company—forms the largest banking unit in Ohio.

UNION COMMERCE
National Bank
OF CLEVELAND

MEMBER FEDERAL RESERVE SYSTEM



A BEAUTIFUL little Colonial bank building in a quaint Colonial town—Wiscasset, Maine. Its owner, the Lincoln County Trust Company.

Thomas M. James, Architect

3 Park St., Boston, Mass.

Review of the Month

Trade Conditions Throughout the Nation as Compiled for the Federal Reserve Bulletin

BUSINESS and financial developments during the month of March have shown some confusion and lack of uniformity which indicates that the country is now passing through a transition stage. There has been a hesitation, if not an actual recession, of commodity prices, a slight but noticeable improvement in the bank reserve ratio, some relief of the barriers to transportation and distribution which existed during the winter months, and at the same time there has appeared to be some alteration in the point of view of the community with respect to extravagance and reckless purchasing. This alteration in point of view is by no means universal, but Federal Reserve agents report very considerable difference of attitude on the part of the public. The change, whatever it may be in character and scope, is, however, very conservative and moderate, and there is no appreciable letting down in the volume of legitimate business. The outlook for the spring season, both industrially and agriculturally, is excellent, the chief modifying factors in the situation being inadequacy of labor supply and shortage of various kinds of materials as well as of borrowing facilities of banks.

The present character of the outlook is summarized by Federal Reserve agents as follows:

In district No. 1 (Boston) "industrial conditions * * * have undergone no marked change since * * * a month ago. Evidences of deflation which were so numerous and pronounced in February * * * are not so conspicuous in the surface indications of March," but "nothing has occurred to indicate that the influences referred to have ceased to operate." A factor of great importance in this matter is the "backing up on this side of the Atlantic of American goods manufactured for export." It is predicted that the "drop in prices which is admittedly inevitable, will set in before another winter season and that it will become only gradually perceptible."

In district No. 2 (New York) "the activity of the stock market, together with the prospective demand for funds for tax payments was reflected in a rise in call money rates Friday, March 12, to fifteen per cent., but following the payment of taxes, rates eased off gradually to seven and six per cent." Time loans, which have been practically unobtainable at from nine to ten per cent. on all-industrial and eight to nine per cent. on mixed collateral, with lenders in most cases demanding payment of maturing obligations, have lately been renewed more freely at eight per cent. on mixed collateral, and eight and one-half per cent. on all-industrial, but little new money is forthcoming.

In district No. 3 (Philadelphia) "trade has been fairly brisk and somewhat ahead of last year in so far as the volume of business in dollars is concerned." Nevertheless, it is to be doubted whether the "actual bulk of the sales is as large." Moreover, "objection is raised to price increases" and there is further "a partial shifting in demand from luxury goods." Prices do not yet show signs of a decline, however, and little hope is held out by retailers in that regard until the fall season is past. The most noteworthy feature is the increasing indisposition of the public to pay the exorbitant prices for consumable goods.

In district No. 4 (Cleveland) it is found that "conditions are rapidly changing" and that there is 'possibility of curtailed production" which calls for "proper remedial measures."

In district No. 5 (Richmond) domestic business is good, but "exporters report marked depression." Reckless buying by the public continues and there is no general lowering of prices, but "there is an undercurrent of uneasiness and uncertainty in commercial circles." Buying is almost entirely for immediate needs and not for future delivery.

In district No. 6 (Atlanta) there has been no material change in the general economic situation, but sales show a large increase in value, although probably not in amount. While there has been some disposition to place fall orders, this is being discouraged because of a belief that prices will decline, and this fact tends to produce some conservatism.

In district No. 7 (Chicago) extravagance continues unabated and is tending to stimulate inflation by swelling profits to the extent that manufacturers of luxuries are un-

disturbed by advances in discount rates, while the latter bear heavily upon those who are working on a narrow margin. There are accordingly conflicting reports concerning the general outlook.

In district No. 8 (St. Louis) there is an increasing "spirit of conservatism" and business men "are proceeding with greater caution," while the public at large is "making its purchases with a greater measure of discretion." It is believed that the "peak of high prices has been passed." Nevertheless there is an undertone of confidence in the firmness of the present industrial situation.

In district No. 9 (Minneapolis), while there is great difficulty in getting goods, there is expected to be heavy demand for farm machinery and there is already unprecedented demand in mechanical equipment for farms. The credit situation is satisfactory.

In district No. 10 (Kansas City) spring trading is vigorously under way and there is an effort to increase output in the belief that that is "after all, the real solution of the abnormally high prices." There is a quickening of industrial energy, and business is strong and vigorous, but in the tenth district, as elsewhere, speculative buying has been largely eliminated, prices are slightly easier and there is an increasing tendency to buy for immediate wants rather than for future delivery.

In district No. 11 (Dallas) there has been a "slight recession from the high wave of commercial and industrial activity" and this has been accompanied by a "moderate reaction in the public and retail buying movement," while in the field of prices there is a "more pronounced tendency towards an equilibrium." Luxury sales are tending to fall off and both merchants and the public are disinclined to increase their commitments pending further developments.

In district No. 12 (San Francisco) the industrial outlook is prosperous, but both retail and wholesale trades report decreases during February as compared with January, these being attributed to seasonal slackening of business. Many stocks of goods are depleted on the Pacific Coast and it is believed that great activity will be necessary in order to restore them.

The opening of the spring season has given an impetus to the agricultural side of activity and is rendering the farmers' problem for the coming season considerably more definite than heretofore. In the Southern States cold weather has somewhat retarded the preparation for the new crop season and in the Atlanta district has impaired the early fruit and vegetable outlook. An increase in the value of farm lands throughout the district during 1919 is estimated at twenty per cent. to twenty-five per cent., bringing them up to about double the value of five years ago. Prices of agricultural products, especially fruits and cotton, are very high, a fact which partly makes up for shortened output due to unfavorable weather. Pasturage is in relatively bad condition, being only about seventy-nine per cent. as compared with eighty-five per cent. last year. In the northern part of the district the condition of small grain crops is unsatisfactory. In the eleventh district (Dallas) the condition of winter wheat was seventy-five per cent. as compared with the corresponding date last year, and a decrease of 900,000 acres as compared with 1919 is reported. Preparations for the cotton crop are well under way, an early start having been made to avoid insect damage. The cotton crop will be fifteen per cent. larger than in 1919. Movement of the old cotton crop out of the district is proceeding at a normal rate with the exception of the inferior grades, which are moving slowly. In the twelfth district (San Francisco) there is a material improvement predicted for agricultural output in 1920, although rainfall is still thirty to sixty per cent. below normal. Rice, bean, and sugar beet acreage is being reduced, and shortage of water is likely to cut down the spring acreage in general. The fall wheat crop will average about seventy per cent. of normal. In the irrigated sections of Idaho, Nevada and Utah, the yield will be only about eighty per cent. of normal. Range conditions, however, are favorable throughout the district. In the middle west soil conditions are very promising for the reason that the winter, although cold, showed less fluctuation in temperature than usual. The wheat crop, however, has suffered deterioration. An important increase in product per acre is reported and is attributed in part to the high prices of land. An increase in the prospective acreage of corn is noted but high wages for farm labor militate strongly against the very great extension of operations. In the eighth district (St. Louis) the agricultural outlook is good with the exception of winter wheat which has been injured or killed in some sections by alternate freezing and thawing. Farm work is behind. A good deal of acreage plowed for wheat last fall will be planted to corn. Preparation for the planting of the cotton

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of New York

RESOURCES, $144,000,000.00

Established 1824

crop has been delayed by unfavorable weather. The acreage of oats will be about the same as last year. Low prices for tobacco have caused complaint but a larger acreage is nevertheless being planned. District No. 9 (Minneapolis) reports that the spring agricultural outlook is favorable.

In the seventh district (Chicago) for the four weeks ending March 13, receipts of cattle were 208,881, as compared with 222,731 a year ago, while receipts of hogs were 616,104, as compared with 785,409 a year ago. Calves and sheep, however, showed some increase. As against the light receipts it was noted that the month of February showed a decline of prices for all grades of cattle, although there was improvement in the first week in March. Hog prices which at the beginning of February were $14.85 to $15.15 on bulk sales, were forced down about a dollar at the end of the month, but during the first week of March bulk sales were back to very nearly the opening figures for February. Sheep and lambs were slightly higher than a year ago.

In flour milling district No. 10 (Kansas City) reports indicate a very satisfactory month for February. At Kansas City, Omaha, and eighty-eight interior mills in Nebraska, Missouri, Oklahoma and Kansas the total output for February was 1,535,078 barrels as against 955,333 barrels in February, 1919, but the output was the smallest for three months past. Orders appeared to fall off during the month, and February reports showed declines in the price of all grades of flour, amounting to about one dollar a barrel. Western flour millers are to some extent recovering their foreign trade.

The iron and steel industry has shown a continuation of its great prosperity, being booked up far ahead. The demand for pig iron is very strong and prices have advanced, but it is reported from district No. 3 (Philadelphia) that there is great difficulty in securing adequate transportation. Producers find it hard to obtain deliveries of limestone, coke, and other materials, as well as to ship the finished product. Producers are beginning to hesitate in taking new orders and are opposing the new advance in prices. The demand for steel castings is increasing and prices are rising. Plants engaged in the production of bars,

shapes, structural steel, etc., are slightly below capacity, although operations are larger than a year ago. Prices are moving slightly upward. In district No. 6 (Atlanta) it is expected that the works will be operated at full capacity for a long time to come. Business is pronounced excellent and the outlook for continued activity very satisfactory. Labor conditions are good. Pig iron is selling around $42 a ton. Labor costs in all districts have increased enormously. This is reported as being particularly true in hardware lines. In the north Michigan and north Wisconsin iron mining region conditions are at the usual seasonal standstill, awaiting the opening of lake transportation. In district No. 4 (Cleveland) conservatism on the buying side has grown rather more pronounced in iron and steel. The market has assumed a more composed and stabilized appearance and some of the wide fluctuations in prices are tending to be levelled off. Fundamentally, however, the situation is as strong as ever and there is an underlying shortage of tonnage. Car and fuel shortages have been a predominating factor. In the Pittsburgh district some companies have been accumulating finished products at a rate of about twenty-five per cent. of their output. There is a large shortage of sheet and tin plate.

The problem of moving the ore from the district, however, is very difficult on account of the car situation. In the Colorado metal mining region labor conditions have been improving and new operations are being started, especially in the silver mining sections.

Coal output is still seriously hampered in some districts by shortage of cars, but production is gradually recovering. This is especially true in the third district (Philadelphia). Many consumers have suffered from Government diversion of fuel. No decline in bituminous prices is expected as there is at present a considerable shortage. The anthracite situation is complicated by discussion of a new wage agreement with the miners on April 1. The prices are still trending upward. The production of anthracite is not capable of rapid expansion. Shipments over the principal coal carrying roads during February were 4,913,664 tons, as compared with 5,713,319 tons in January and 3,871,932 tons in February a year ago. In the sixth district (Atlanta) coal output is still below normal. The output for February was 1,251,430 tons, as compared with 1,683,331 tons in January. Coal mining operations in Montana are practically on a normal basis. In district No. 4 (Cleveland) the coal situation is very chaotic on account of the lack of transportation. In the Pittsburgh district mines have been able to produce only about fifty-seven per cent. of capacity. Manufacturers are making great efforts to increase their stocks of coal, which were depleted during the strike, but operators are refusing to make contracts beyond April 1 until they have been advised of the terms of the award of the coal commission. They say they cannot make new contracts until they know what total wage increase will be and what portion of that increase they will be permitted to pass on to the consumer. Coke production is increasing with the better movement of cars. Connellsville district output is greater than for some time past.

Taking the country as a whole, production during February was 40,127,000 tons, corresponding to an index number of 116, as compared with 49,419,000 tons corresponding to an index number of 133 during January, and 31,566,000 tons, corresponding to an index number of 91 during February, 1919. Anthracite coal shipments during February were 4,913,664 tons, as compared with 5,713,319 tons during January and 3,871,932 tons during February, 1919, the respective index numbers being 94, 102, and 74. Coal prices are everywhere uncertain on account of the doubt as to the adjustment of labor controversies and the possible effects of the findings of the President's coal wage commission.

In petroleum, the tenth district (Kansas City) reports an output for Kansas and Oklahoma at about 9,500,000 barrels for February, as against about 8,500,000 barrels for February, 1919. There was also an increase over January. Development work resulted in a slight increase in completed wells and some increase in daily new production, it being estimated that about 1,000 barrels of new output resulted from February work. There has been a great increase in oil prices due to the growing demand for the product and the knowledge that production is still short of demand. Refiners are eagerly competing for supplies. Crude oil is now bringing in district No. 10 (Kansas City) $2.50 to $3.50 a barrel. Kansas crude oil at the end of February was selling at $1.25 more than in December and an additional 25 cents a barrel was made early in March. The oil leasing bill enacted by Congress is expected to result in great development. Refineries are doing all they can to increase production. It is predicted that some of the larger ones will be able to double their daily output before the end of this year.

Extremely interesting conditions in textile production are reported. In district No. 3

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(Philadelphia) the demand for cotton has fallen off and free buying from abroad has been checked by low exchange. Manufacturers of cotton goods are running nearly to capacity. Orders on hand will maintain operations for a few months but there has been a falling off in activity. In district No. 1 (Boston) nominal prices and a market only fairly active in cotton have prevailed. Mills have been well stocked up and recent demands have been due to manufacturers whose supplies have been running short. Manufacturers of goods report a continued slackening in demand, partly due to freight conditions. In the finer fabrics the slackening, if it exists at all, is much less noticeable. Attempts to buy for early fall delivery are proving somewhat embarrassing. It is believed that the cost of materials and supplies has reached its high level, but that any decline from present prices will be gradual.

In the knit goods market high prices and the agitation for reductions have tended to cut down output. Prices, however, have not declined, but the demand for fall underwear is diminishing and hosiery buying has fallen off. Prices for all hosiery, however, are about twenty per cent. to twenty-five per cent. above a year ago. In woolens, manufacturers are fairly well stocked with raw material. In the third district (Philadelphia) high money rates have led to a postponement of purchasing. Prices of fabrics are firm at levels much higher than a year ago. There is a difference of opinion as to the prospects, some predicting an increase, others a decline. In the third district an advance is thought possible. Mills are operating to capacity. Stocks of woolens and worsteds are small and as a result no material change in business is expected for the next few months. From district No. 1 (Boston) it is reported that wool dealers have very small stocks of high or medium grades, but many have an oversupply of low grades for which there is practically no call. Business in the lower grades is dull and the future is a matter of considerable anxiety. Mills report a slackening of demand. It is predicted, however, that the goods coming on the market to be made up into clothing for the fall and winter of 1920 will be twenty-five per cent. higher than the same class of goods has been recently. Manufacturers, however, state that the peak of prices has been reached, which means that relief for the consumer will be

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital $500,000 Surplus $2,000,000 Undivided Profits $950,000

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ACCOUNTS INVITED. **INTEREST ALLOWED ON DEPOSITS.**

deferred until the goods now being made have been absorbed.

In the clothing trade there is a marked tendency on the part of the public to make old supplies go further and to refuse to pay the excessive prices that are being charged. Demand is accordingly declining. Many manufacturers are, however, running at full capacity, but they have difficulty in securing supplies of cloth and other raw materials. Merchants show little disposition to cancel orders, and insist on complete shipments. Medium and lower grades are in relatively small request.

In leather and shoes it is reported from district No. 1 (Boston) that there has been a slackening of demand which has affected hides, leather, and shoes themselves, although in the finished product there is some difference of opinion, a number of houses reporting about stable conditions. Shoe retailers, however, are holding off on their fall orders because they expect a reduction in prices. Some manufacturers report an oversupply of manufactured goods. In hides "it now looks as if prices were on the bottom and an advance is looked for from time to time." In sole leather production is about the same as six months ago. District No. 3 (Philadelphia) reports that tanneries are operating at capacity but that leather prices will not be affected for a good while to come. New business offered during the past month has been small in volume. Shoe conditions in Philadelphia are conflicting. Demand has been good heretofore but some manufacturers find that consumers are avoiding higher priced goods. Eastern buying has become somewhat slower but western and southern demands are still strong. The supply of labor is not sufficient to enable full time production in many plants.

The employment situation has been on the whole satisfactory during the month of March, at least as compared with recent months. Wages have been very high and tending to rise, but the total volume of employment has been large and mills have been operating nearer to capacity than heretofore. In the middle west it is complained that labor is inefficient and that there is too strong a desire for short hours, accompanied by poor service, with a corresponding reduction of output. The amount of payrolls as compared with a year ago is greater, although the number of men employed is less. In the middle west there is a comparatively small amount of unemployment. In the southwestern agricultural regions the supply of labor is relatively scanty and the same is true in the grain regions of the west and northwest.

Production conditions the country over give every reason for encouragement with reference to actual industrial and agricultural potentialities. The crop outlook, so far as can be judged at this season, is hopeful. There is a substantial degree of harmony between capital and labor, as indicated by the small amount of unemployment and labor controversies now in existence. The difficulties in sight are due to conditions of relative underproduction or decrease of production resulting from lessened activity of capital and labor, problems arising out of heavy taxation, and measures resulting from the one-sided working of present tax laws, while financially speaking, caution and conservatism are called for and the efforts to restrict the volume of credit which have thus far been made have been only partially successful. As a result, high interest rates and relative scarcity of funds will continue to prevail during the period in which the country is endeavoring to extend its productive facilities and to overcome the relative loss of progress resulting from war limitations upon investment and production.

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BANK OF THE MANHATTAN COMPANY

Statement of Condition at the close of business, April 12, 1920

RESOURCES		LIABILITIES	
Loans and Discounts	112,496,292.73	Capital	5,000,000.00
U. S. Govt. Bonds and Ctfs.	10,352,233.50	Surplus	12,500,000.00
Other Securities	7,970,313.84	Undivided Profits	3,646,494.20
Bank Premises	2,885,714,84	Reserve for Taxes	555,021.59
Due from Banks	10,421,821.54	Acceptances	12,028,130.50
Exch. for Clearing House	79,103,105.10	Deposits—	
Other Cash Items	7,612,918.54	Indv. 167,119,527.34	
Customers' Liability Under Com. Credits	10,995,817.44	Banks and Trust Co's 27,716,504.70	
Cash	11,621,682.87	Sav. Bks. 5,364,765.37	200,200,797.41
		Bills Payable and R'disc't	19,529,456.70
	$253,459,900.40		$253,459,900.40

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Economic Conditions in the Eastern States

THIS section of the country has of late passed through a severe railway strike, which seriously interfered with traffic in through freight and caused considerable inconvenience in local passenger service. Not only did this strike operate to cause a still further advance in the price of food and other commodities, but by delaying the delivery of building materials it has further hampered building operations. Thus the return to normal conditions—or at least to those even approximating the prewar situation—which would have been found difficult enough under the most favorable circumstances, has been rendered far more so on account of the numerous strikes which have prevailed in recent months. These strikes have interfered with the production of coal, with steel manufacturing and with transportation—basic industries without whose healthful functioning prosperous conditions are impossible.

The frequency with which these labor disturbances have occurred can not fail to make thoughtful observers anxious. Already the question is being asked whether these strikes may not go so far in their harmful results as largely to destroy confidence in the business and financial world. Some hope that this may not be the case is afforded by the conservative element in the ranks of organized labor, which is discountenancing radical agitation.

EXPANSION OF CREDIT OUTSIDE OF NEW YORK
THE DEMAND FOR CAPITAL

That the responsibility for credit expansion rests chiefly upon the banks outside of New York city is the view taken by the Federal Reserve Agent at that city. In reporting to the Federal Reserve Board, under date of March 20, it is said:

"The loans of the New York city banks stand now at practically the same level as a year ago, so that all of the intervening expansion of bank loans has been neutralized. For the country at large the reverse is true. Exact comparisons for all the banks in the Federal Reserve System are difficult on account of the admission of new member banks; but it is well known that the loans and deposits of the national banks of the country reflect very closely the general banking conditions of the whole country.

"On December 31, 1918, following the armistice, national bank loans stood at 9,919 millions. On December 31, 1919, these loans stood at 11786 millions, an increase of 1,867 millions, or close to twenty per cent. Since the close of 1919 the country-wide expansion has continued, and the growth in the total loans of the banks of the country, both national and state, in the last fifteen months may be estimated with reasonable conservatism at a minimum of five billions. In this expansion, taken as a whole, the New York city banks had almost no part.

"It should be observed that this great expansion, with declining gold holdings and diminishing bank reserves, took place not with a concurrent expansion but with a slight contraction in the volume of the nation's production and trade. An index figure of national production in ten of its most important basic commodities prepared by this bank indicates that for the year 1919 there was a decline in volume of about six per cent. from 1918, when production for the country was at its high point. This compares closely with a corresponding estimate from a competent source of the country's total trade in 1919, computed from the traffic of the railways, lake and seagoing tonnage, bank clearings, and the like. This bank's index of production is charted above, and a detailed explanation appears elsewhere in this report.

"An expansion of twenty per cent. in the credit structure with a contraction in production and trade has one primary effect—that is, rising prices, which in turn bring a demand for further credit together with high wages, high costs of production, and the general unsettlement which comes invariably with a serious change in the purchasing power of the dollar. This loss of equilibrium continues until expansion of credit is checked, and until the production of goods overtakes the demand."

THE DEMAND FOR CAPITAL

We are now witnessing more strikingly than heretofore the effects of the capital shortage due to the war. The decline in the prices of Government and other high-grade investment securities, the rise in the rate of Treasury certificates, the bidding for capital by prominent railways, and the advance in European bank rates, are some of the more striking evidences of the situation. The tendency to scrutinize bank loans more carefully is also becoming general. Both capital and current credit are more difficult to obtain than for some time past.

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Collections solicited. Remittance on day of payment at lowest rates. Send us your business.

CONVENTION DATES

New York—At North Asbury Park, N. J., June 17-19.
Pennsylvania—At Bedford Springs, Pa., June 17-18.
Maryland—At Atlantic City, N. J., May 18-19.
At Washington, D. C., week of October 18—American Bankers Association.

NASHVILLE BANKER JOINS CHEMICAL NATIONAL'S STAFF

Baxter Johnson, formerly assistant cashier of the Cumberland National Bank of Nashville, is now with the Chemical National Bank of New York in the capacity of assistant cashier and special southern representative.

FRANK A. VANDERLIP TO LECTURE AT HARVARD

Early in September Frank A. Vanderlip, New York banker, will deliver his first lecture to students of Harvard's Graduate School of Business Administration. His course will deal with business economics. Mr. Vanderlip is now in the Orient.

NEW YORK'S GOVERNOR APPOINTS NEW BANKING SUPERINTENDENT

George V. McLaughlin, now special deputy bank superintendent of New York, will be the next State Superintendent of Banks when George I. Skinner's term expires, July 1. Governor Smith's appointment will give Mr. McLaughlin a salary of $10,000 a year.

EQUITABLE TRUST APPOINTMENTS

James L. De Rosset and General Wm. A. Mann have been appointed assistant secretaries of the Equitable Trust Company of New York. Arthur M. De Bebian is advertising manager.

ARTHUR JONES

The appointment of Arthur Jones as assistant manager is announced by the Mercantile Bank of the Americas, New York.

A FISH STORY

Richard Delafield, president of the National Park Bank of New York, and Dr. E. C. Rushmore of Tuxedo, hold the record for one day's catch at Palm Beach this season, and they have the photographs to prove it. Their prize string included one 400-pound shark; fourteen amberjacks, from 30 to 50 pounds; one grouper, 20 pounds; one rock fish, 28 pounds; one sailfish, 51 pounds, and several Spanish mackerel.

NATIONAL AMERICAN BANK IN UPTOWN BUSINESS DISTRICT

The National American Bank of New York has opened for business in the heart of the uptown district, at 8 West Fortieth street. The officers are: Julian M. Gerard, president; H. I. Stevens, vice-president and cashier; Frederick W. Gollum, assistant cashier. The directors are: Lawrence B. Elliman, Frank F. Gallagher, Julian M. Gerard, William B. Joyce, Edward J. Kelley, John A. McCutcheon, William J. Martin, H. I. Stevens, John H. Towne, Wilson Hatch Tucker. The bank has a capital of $1,000,000 and a surplus of $500,000.

SOUTH AFRICAN BANK SHOWS BIG PROFITS

R. E. Saunders, New York agent of the National Bank of South Africa, has made public the following cable message received from the bank's head office in Pretoria:

"Bank's net profits for the year ended March 31, 1920, including the balance of £23,000 brought forward, and after providing fully for all bad and doubtful debts and placing £50,000 to bank premises, amount to £539,000. The bank's investments stand at under the present market price.

"At the forthcoming annual general meeting of shareholders to be held at Pretoria on Wednesday, June 23 next, the directors will recommend a dividend for the year at the rate of 7 per cent. per annum, plus a bonus of 1 per cent., absorbing £235,000,

IN NEW YORK

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1829

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John P. Laird, *Asst. Cashier*
John H. Brennen, *Asst. Cashier*
Hugh M. Garretson, *Asst. Cashier*
John H. Trowbridge, *Asst. Cashier*
George M. Broemler, *Manager Foreign Dept.*

and the following allocation: £200,000 to reserve fund, making same £1,250,000, and £60,000 to pension fund, leaving a balance of approximately £44,000 to be carried forward. A sum of £250,000 has been placed to a special account to provide for the cost of importing specie."

ROY H. PASSMORE APPOINTED CASHIER

Richard W. Saunders has resigned as cashier of the National Bank of Commerce in New York. The bank announces that Roy H. Passmore, assistant cashier, has been appointed by the finance committee of the board of directors to be cashier. Mr. Passmore was formerly cashier of the National Bank of Chambersburg, Pennsylvania. He came to the National Bank of Commerce in New York as an assistant cashier in July, 1918.

UNITED STATES MORTGAGE AND TRUST COMPANY

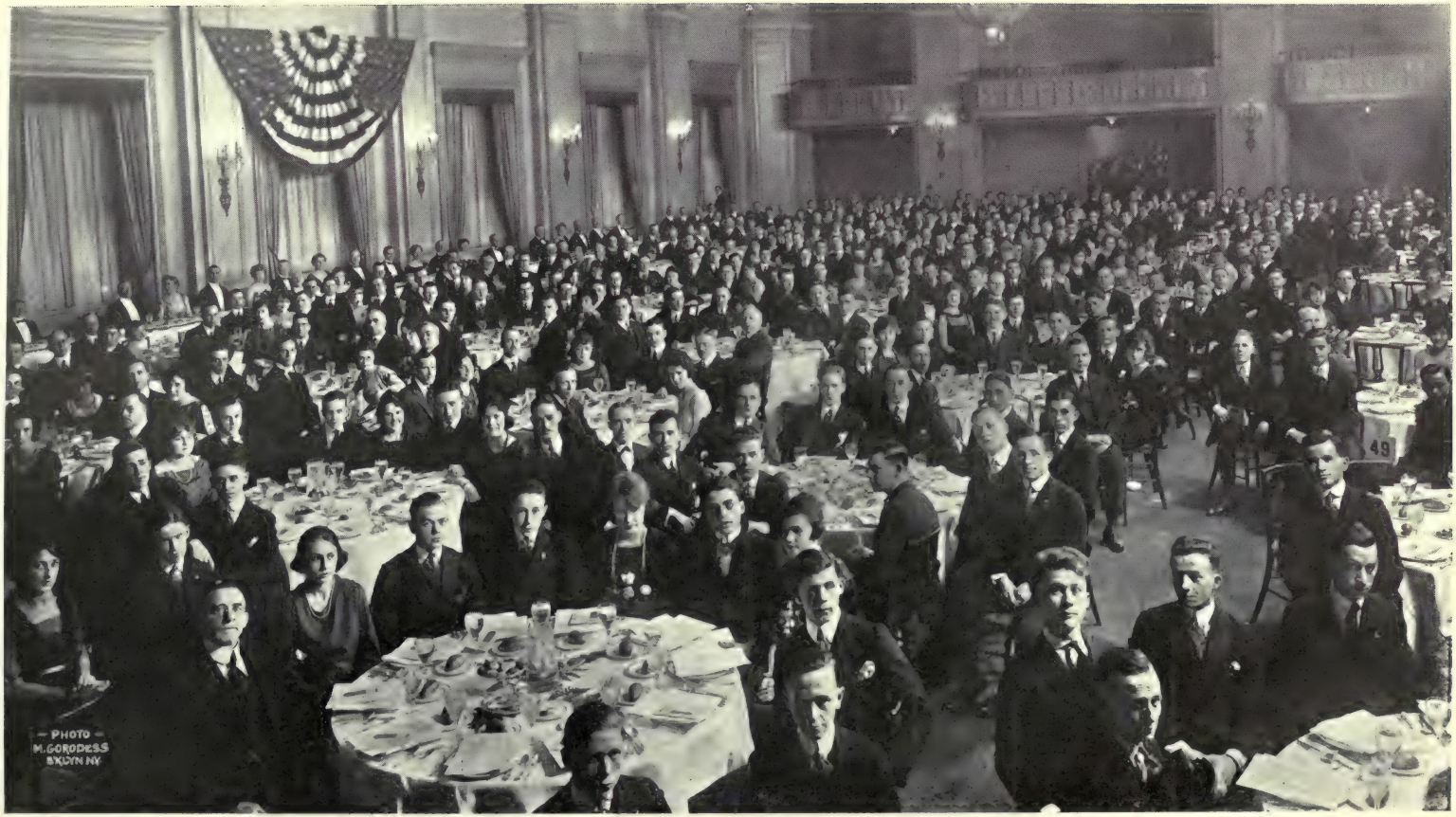
At the annual meeting of the stockholders of the United States Mortgage and Trust Company held today, the retiring directors were re-elected and the following were elected to fill vacancies: H. Hobart Porter, Chauncey H. Murphey and Sherman Day.

ANNUAL REPORT OF THE UNITED STATES RUBBER CO.

The net sales of the company for the year 1919 were $225,589,465, an increase of more than $10,000,000 over the sales of the previous year, which latter included a large volume of business incident to the war. This war business in 1918 was $25,000,000 greater than in 1919. The net income before interest, but after making provision for depreciation of plants and adequate reserves for Federal, Canadian and British taxes on income and profits amounted to $21,396,099; the net interest charges amounted to $3,665,862, thus leaving net profits for the year of $17,730,237.

D. V. AUSTIN

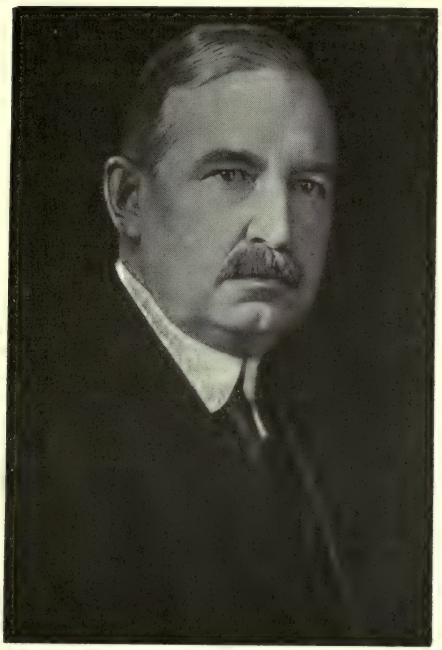
D. V. Austin has been appointed assistant cashier of the Industrial Bank of New York.



Dinner given by the Mechanics and Metals National Bank for the staff of the New York Produce Exchange Bank at the Hotel Pennsylvania, New York

MECHANICS AND METALS ENTERTAINS NEW YORK PRODUCE

The staff of the Mechanics and Metals National Bank of the City of New York gave a dinner and dance, April 21, to the staff of the New York Produce Exchange



GATES W. McGARRAH
President Mechanics and Metals National Bank, New York

Bank, at the Hotel Pennsylvania. About seven hundred persons were present. The dinner and dance were given to promote the acquaintanceship of the members of both institutions in view of the coming amalgamation.

GUARANTY TRUST CO. APPOINTMENTS

William Spinney has been appointed an assistant secretary of the Guaranty Trust Company of New York, and Joseph F. Steele, an assistant manager of the company's foreign department.

COSMOPOLITAN BANK OF THE BRONX

The Cosmopolitan Bank of the Bronx, Borough of New York, has doubled its capital and at the same time increased its surplus fund in proportion.

In addition to the present officers—Leonard G. Robinson, president; Harold Stiner, vice-president, and William H. Devlin, cashier, three assistant cashiers have been appointed, namely, William B. Chamberlain, Henry L. Heimerdinger, and Joseph Sullivan.

HENRY C. EMERY

Henry C. Emery, formerly assistant manager of the foreign department of the Guaranty Trust Company of New York, has sailed for China, where he is to become manager of the Peking branch of the Asia Banking Corporation.

NEW ASSISTANT CASHIER FOR NATIONAL BANK OF COMMERCE

Walter E. Lovblad has been appointed an assistant cashier of the National Bank of Commerce in New York. Mr. Lovblad has been with the bank since February 1, 1919, prior to which he was engaged in commercial banking in Chicago.

BIG SECURITY HOUSES MERGED

Blair & Co., Inc., is now the organized successor of the banking houses of Blair & Co., and William Salomon & Co. The firm will engage in the general business of underwriting and dealing in investment securities. The new company has an authorized capital comprising $20,000,000 six per cent. cumulative preferred and $10,000,000 common stock. The amount outstanding was not stated, all of it being privately held. The consolidation will become effective next Monday, headquarters being arranged for in the Blair building, at 24 Broad street. Branch houses will be operated in Chicago, Boston, Philadelphia, Wilkesbarre, Rochester, Buffalo, Detroit, Cleveland, St. Louis, San Francisco and Los Angeles.

C. Ledyard Blair will become chairman of the board, and Elisha Walker, of William Salomon & Co., will be president of the new company. Its board of directors will include also George Armsby, Frank C. Armstrong, James C. Brady, Harry Bronner, J. C. Cowden, J. B. Dennis, Heman Gifford, E. F. Hayes, Clarence Lewis, G. N. Lindsay, E L. Marston, H. S. Marston, Dunlevy Milbank, Alonzo Potter, L. P. Sheldon, Jacques Weinberger and Graham Youngs, Messrs. Bronner, Walker, H. Marston, Weinberger, Armsby, Lewis and Cowden will make up the executive committee.

The firm of Blair & Co. dates back to the construction of the Chicago & Northwestern and the Delaware, Lackawanna & Western, and was organized in its present



ERWIN RANKIN
Manager Publicity Department, Fidelity Trust Company, Buffalo



H. F. DROLLINGER
Manager New Business Department Fidelity Trust Company, Buffalo

form in 1890. William Salomon & Co. was founded in 1902 by William Salomon after his retirement as senior partner of Speyer & Co.

CREATES TWO NEW DEPARTMENTS

The Fidelity Trust Company of Buffalo has just announced several changes in its organization, which have been made both with a purpose of taking better care of their enlarged business and also with a view of still further expansion.

To these ends, two new departments have been created—a new business department and a publicity department, and two new men have been brought in to manage them. The new business department will be in charge of H. F. Drollinger, formerly with the Bankers Trust Company of New York, while Erwin Rankin, heretofore advertising manager of the Hart & Hegeman Mfg. Co., of Hartford, Conn., becomes publicity manager.

GEORGE H. WHITE

At the meeting of the board of directors of the First National Bank, of Cooperstown, N. Y., held April 1st, George H. White was elected president to succeed Lynn J. Arnold. Mr. White has been connected with the bank for a number of years as vice-president, and is a former cashier. He is well known throughout the state as a banker and as a man of excellent business ability.

FRANKLIN TRUST AND BANK OF AMERICA UNITE

The Bank of America and the Franklin Trust Company have notified their stockholders of a proposed merger of the two institutions under the provisions of the State Banking Law. The institution resulting from the merger will have a capital stock of $5,500,000, a surplus fund of $5,500,000 and undivided profits in a further amount.

The legal corporate title of the combined institutions will be the Bank of America. According to present plans the principal officers of the new organization will be William H. Perkins, chairman of the board of directors; Edward C. Delafield, president, and Walter M. Bennet, senior vice-president.

The Bank of America was organized in 1812 and the Franklin Trust Company was established in 1888.

Announcing the opening of a New Bank in the heart of the Uptown Business District

National American Bank of New York

8 West 40th Street

Capital $1,000,000 Surplus $500,000

Member of Federal Reserve System

OFFICERS:

JULIAN M. GERARD, President

H. I. STEVENS, Vice-President and Cashier FREDERICK W. GOLLUM, Assistant Cashier

DIRECTORS:

LAWRENCE B. ELLIMAN
Pease & Elliman, Real Estate

FRANK F. GALLAGHER
Goodwin - Gallagher Sand & Gravel Corporation

JULIAN M. GERARD
President

WILLIAM B. JOYCE
President National Surety Company

EDWARD J. KELLY
Henry Kelly & Sons, Wholesale Produce

JOHN A. McCUTCHEON
James McCutcheon & Co., Linens

WILLIAM J. MARTIN
Foley & Martin, Attorneys

H. I. STEVENS
Vice-President and Cashier

JOHN H. TOWNE
Yale & Towne Mfg. Co.

WILSON HATCH TUCKER
Director, Lord & Taylor President, Empire State Finance Corp.

NATIONAL AMERICAN BANK OF NEW YORK

Commercial and personal accounts invited

Safe Deposit Vaults. Banking Hours, 9 A. M. to 6 P. M.

Telephone 4195 Murray Hill

NEW VICE-PRESIDENT

Park J. Alexander, a successful young attorney, has been appointed a vice-president of the Fidelity Title and Trust Company of Pittsburgh.

DAYLIGHT SAVING

In order to conform to the New York daylight saving hours, the Philadelphia Stock Exchange now opens at 9 a. m. and closes at 2 p. m. The Saturday hours are from 9 a. m. to 11 a. m.

CHANGES IN PHILADELPHIA BANKS

Walter H. Lippencott of the banking firm of Bioren & Co., has succeeded Rowland Comly as president of the Logan Trust Company. Mr. Comly remains as chairman of the board. E. Clarence Miller has been made vice-president.

Jesse S. Sheppard is now trust officer for the Guarantee Trust and Safe Deposit Company. Arthur M. Jenkins, S. Harvey Thomas, Jr., and William W. Peck are the new assistant treasurers.

PROMOTION IN PITTSBURGH BANK

H. H. Woods, president of the Liberty National Bank of Pittsburgh, announces the election of J. S. M. Phillips as cashier. Mr. Phillips has been active in banking and commercial affairs in Pittsburgh for nearly twenty years.

NEW YORK STATE LEADS IN VOLUME OF SAFE DEPOSIT BUSINESS

There are fifty-one separately incorporated safe deposit companies doing business in the State of New York to-day, and these fifty-one strongholds can show resources of $10,585,230. Of this amount approximately $3,500,000 is invested in vaults and safes.

NEW YORK STATE SAVINGS BANKS REPORT

One hundred and forty-one savings banks in New York State opened the year 1920 with 3,658,435 separate accounts on their books. These accounts, representing the savings of people in all walks of life, had money value of $2,267,395,799 on the same date, that is—January 1, 1920.

The Chase National Bank

OF THE CITY OF NEW YORK — 57 BROADWAY

Capital	**$15,000,000**
Surplus and Profits	**21,735,000**
Deposits (Feb. 28, 1920)	**362,174,000**

OFFICERS

A. BARTON HEPBURN, Chairman of the Advisory Board
ALBERT H. WIGGIN, Chairman of the Board of Directors

EUGENE V. R. THAYER, President

SAMUEL H. MILLER, Vice-President
EDWARD R. TINKER, Vice-President
CARL J. SCHMIDLAPP, Vice-President
GERHARD M. DAHL, Vice-President
REEVES SCHLEY, Vice-President
ALFRED C. ANDREWS, Cashier

DIRECTORS

H. W. CANNON, A. B. HEPBURN, A. H. WIGGIN, J. J. MITCHELL, G. E. TRIPP, J. N. HILL, D. C. JACKLING, C. M. SCHWAB, S. H. MILLER, E. R. TINKER, E. T. NICHOLS, N. CARLTON, F. H. ECKER, E. V. R. THAYER, C. J. SCHMIDLAPP, G. M. DAHL, A. FLETCHER, W. B. THOMPSON

WE RECEIVE ACCOUNTS OF Banks, Bankers, Corporations, Firms or Individuals on favorable terms, and shall be pleased to meet or correspond with those who contemplate making changes or opening new accounts.

Through its Trust Department, the Bank offers facilities as Trustee under Corporate Mortgages and Indentures of Trust; Depositary under re-organization and other agreements; Custodian of Securities and Fiscal Agent for Corporations and individuals.

Executor under Wills and Trustee under Testamentary Trusts
Trustee under Life Trusts

FOREIGN EXCHANGE DEPARTMENT

ELECTED A VICE-PRESIDENT OF THE CHATHAM AND PHENIX NATIONAL BANK

L. G. Kaufman, president of the Chatham and Phenix National Bank of the city of New York, announces the election of William M. Haines as a vice-president, effective April 8, 1920.

Mr. Haines will be located at the Broadway and Howard Street branch. He was formerly an assistant cashier of the Citizens National Bank of New York.

NEW YORK BANKER DIES

John C. Van Cleaf, for twenty-three years connected with the National Park Bank of New York, first as assistant cashier and during the past sixteen years as vice-president, died April 4, 1920.

Prior to becoming identified with the National Park Bank, Mr. Van Cleaf was for a number of years actively engaged in the mercantile trade in New York City and the knowledge and acquaintance obtained in that line proved of advantage to him in his banking career. Mr. Van Cleaf was a member of the Union League Club, Chamber of Commerce, Merchants Association, the Holland Society and the New England Society, and was a director in the National Park Bank, the Mutual Bank and the Union Dime Savings Bank, all of New York City.

NEW BANKING HOUSE OPENS

Morton & Co., Inc., announce the opening of temporary offices at 56 Broadway, New York. This new organization will conduct a general investment banking business and will also act as financial, commercial or business agent of corporations or firms.

The officers are: G. H. Walker, president; C. L. Holman and J. D. Sawyer, vice-presidents; Wilbur F. Holt, secretary and treasurer. About May 15 permanent offices will be occupied at 25 Broad street, New York.

NEW TRUST COMPANY

A new trust company is soon to take its place among the financial institutions of Brooklyn. It will be located in Flatbush, where it is being organized by well known residents and merchants, and will be known as the Midwood Trust Company. It is understood that incorporation papers are being filed at Albany, and that the ap-

proval of the Banking Department will be forthcoming in the near future.

WILLIAM E. KNOX

William E. Knox, for thirty-five years in the service of the Bowery Savings Bank of New York, has been elected vice-president of that institution. Few New York bankers have had a longer term of service with one institution than has Mr. Knox. He started as a clerk in the Bowery Savings Bank May 25, 1885, and has worked up through various positions until his latest promotion from comptroller to vice-president.

FRENCH AMERICAN BANKING CORPORATION

In its statement of condition dated March 31, 1920, the French American Banking Corporation shows total resources $27,640,-813.96. The corporation has capital, surplus



French-American Banking Corporation, New York

and undivided profits amounting to $2,648,-967.34. The entire capital stock of the corporation is owned by the Comptoir National D'Escompte de Paris, the National Bank of Commerce in New York and the First National Bank of Boston. A general foreign and international banking business in all its ramifications is transacted with special facilities in connection with France and

Resources
$18,000,000.00

Send us your Buffalo business

THE PEOPLES BANK OF BUFFALO

for Direct Service

Try Us

and you will be entirely satisfied

A. D. BISSELL, Chmn. of Board
HOWARD BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
C. G. FEIL, Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier
GEO. ULRICH, Asst. Cashier
C. H. FITCH, Asst. Cashier
W. G. WILCOX, Auditor

Trust Department

CHAS. W. CARY, Trust Officer

Member Federal Reserve System

INVESTMENT SECURITIES

We specialize in Government bonds and other investment securities. This firm was founded in 1865 and we have always endeavored to recommend to our clients conservative investments. As members of the New York and Boston Stock Exchanges we are prepared to execute orders for the purchase or sale of securities on a cash basis in large or small amounts.

A circular describing several issues of desirable investment securities will be sent on request

Kidder, Peabody & Co.

115 Devonshire St.
Boston

17 Wall Street
New York

the French colonies and dependencies. The complete statement follows:

RESOURCES

Cash on hand and in bank	$888,187.59
Due from foreign banks	1,543,534.67
Current accounts	563,169.01
Investments	1,000.00
Demand loans on collateral	8,000,000.00
Other loans	20,000.00
Bankers' acceptances purchased	757,732.85
Other bills purchased	12,803.40
Furniture and fixtures	10,416.75
Accrued interest, commissions and other items receivable	28,988.43
Customers' liability under acceptances and letters of credit	9,065,128.10
Exchange sold—payment pending	6,749,853.16
Total	$27,640,813.96

LIABILITIES

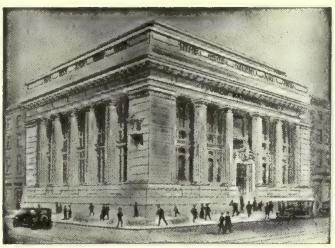
Capital	$2,000,000.00
Surplus	500,000.00
Undivided profits	148,967.34
Current accounts	8,913,752.17
Acceptances	6,526,372.99
Letters of credit and foreign acceptances	2,876,672.25
Exchange bought — payment pending	4,915,578.40
Foreign exchange	1,688,727.33
Reserved for taxes etc	49,904.00
Other liabilities	20,839.48
Total	$27,640,813.96

N. Y. CLEARING HOUSE REVISES COLLECTION CHARGES

James A. Stillman, chairman of the Clearing House Committee of the New York Clearing House, has announced the rules and regulations regarding collections outside of New York city as recently revised, effective May 1. The schedule of collection charges is made more uniform, the cost of handling and exchange charges being eliminated in virtually all instances. The charge for checks and drafts drawn on banks, bankers and trust companies located in Federal Reserve cities and cities where Federal Reserve branches are at present or may hereafter be established under the new rules is on the following basis: "For such items on said cities where immediate credit is given and for such items which become available one day after receipt, the charge shall be discretionary; for such items available two days after receipt, the charge shall be 1-40 of one per cent.; for such items available four days after receipt, the charge shall be 1-20 of one per cent.; and for such items available eight days after receipt, the charge shall be 1-10 of one per cent.

In the case of states not on the all-par

Equipped for Service



LOCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

Union National Bank

PHILADELPHIA

Resources over $25,000,000

list, a flat charge of 1-10 of one per cent. covering all collections is established, with provision that when they join the all-par group they will automatically come under the schedule outlined above.

ANGLO-SOUTH AMERICAN BANK TO PAY PEACE DIVIDEND

The Anglo-South American Bank, Ltd., had declared a special dividend of twenty per cent. to compensate shareholders for loss resulting from reduction in dividends during the war.

An interim dividend of twelve per cent. also was declared. The two dividends, aggregating thirty-two per cent., represent a yearly distribution to the shareholders of £504,000 net, after deduction of income taxes. The allocation of the special dividend by the Anglo-South American Bank, Ltd., which has been engaged in export banking for thirty years, with twenty-three branches in South America, eight offices in Spain, France and England, and direct communication with India, is the first action of this kind so far taken by an international banking institution.

The cablegram announcing the dividend declaration was made public by F. C. Harding, New York agent of the bank.

SAVINGS BANK JOURNAL

Milton Harrison, executive manager of the Savings Bank Association, New York, is editor of the Savings Bank Monthly Journal, which beginning with March, 1920, will be the official organ of this association.

The following is quoted from an editorial which appeared in the first number:

"This initial issue of the first periodical ever exclusively devoted to mutual savings bank interests, marks a distinct step toward the gathering together in one cohesive, working whole, of what have heretofore been separate and distinct forces which, through their very aloofness, have failed to wield the full power both in legislative and financial circles which their vast aggregate trust of over five billions of dollars, justly and rightfully entitles them to exercise.

"This movement is started at a most propitious time. The past quarter century holds no record of such an inflow of money to the savings banks at a time when every dollar that comes can be invested in the very cream of high-class securities at a rate

Marine Insurance and Banking

WHEN the exporter loads his goods on the vessel he takes his bill of lading, his invoice, and his policy of marine insurance to the bank and gets his money for his cargo immediately, the bank financing the voyage on the security of the marine insurance company.

How essential, therefore, that the banker be fully posted as to the financial status of the marine insurance company,—the meaning of the technical phraseology of the policy, the attitude of the courts in case of loss,—the acts of the legislatures which may affect the insurer. How essential that the banker know all about trade conditions under which the policy is issued. How better can he post himself than by reading an insurance trade journal?

The Weekly Underwriter

EIGHTY MAIDEN LANE

NEW YORK, N. Y.

FIVE DOLLARS PER YEAR

of return which will not only tend to stabilize dividends to depositors but will insure the earning of an increase to the guaranty fund proportionately equal to, if not greater than, the influx of deposits."

EDWIN BIRD WILSON, INC.

For the second time in less than four years Edwin Bird Wilson, Incorporated, advertising agency, has moved into larger quarters. This concern recently provided room for expansion by leasing for a ten-year term, the entire fifth floor at 9 Hanover Street, corner of Beaver, New York City. It is now doing business in its new home, which is only a short block from Wall Street, and is surrounded by many great financial institutions.

The agency was organized and incorporated September 1, 1916. A Chicago branch was opened in January, 1920, at 81 E. Madison Street, corner Michigan Boulevard.

Banks and trust companies in more than a score of the larger cities in the United States and Canada, as well as several industrial concerns, are clients of the agency.

ALFRED C. BOSSOM CONTRACTS

Alfred C. Bossom, bank architect and equipment engineer of New York, has recently received contracts for new buildings for the First National Bank of Salisbury, N. C., The Hamlin Bank and Trust Company, Smithport, Pa., and The Colonial Trust Company at Farrell, Pa.

FRANK A. VANDERLIP'S REPORT

on the financial and industrial situation in Europe.

WHAT HAPPENED TO EUROPE

"Its thoroughness and its intimate views of the situation in all European countries compares favorably with the splendid reports with which John Hay, former Secretary of State, kept Washington informed on conditions abroad."—*Boston Transcript.*

At all bookstores $1.25

THE MACMILLAN COMPANY, Publishers, NEW YORK

New England States

NEW ENGLAND business conditions show little change, except those occasioned by the better weather conditions that have prevailed for the past few weeks. Conservatism in the making of "future" contracts, an inclination to be optimistic over the "long pull" and a rock-ribbed belief in the fundamental soundness of New England industries mark all operations in both financial and industrial circles.

The speculative fervor of the few has received two hard jolts: one through the rigid control of the money situation by the Federal Reserve Board, and one through the activities of the authorities in starting legal action against certain curb brokers in Boston who are accused of breaking the law with some of their wild advertising of certain curb stocks. High wages which have prevailed throughout New England industries have raised a brand new flock of would-be "investors," who have fallen easy prey to the lurid advertising done by the promoters of certain questionable stocks. Now, with the lesson so thoroughly brought home to them, these same "investors" offer a most promising field for some good, solid advertising which shall preach the merits of the safe, well-managed, successful banks of New England. Will the opportunity be grasped?

General business in New England is good. Consumers are buying heavily in spite of the prevailing high prices, but we note that the dealers, the jobbers and the manufacturers are buying very close to the actual demand. They are looking for prices to drop. Shoes made from stock bought at high prices of several months ago, are selling well at high prices, but it is generally conceded that these prices are at the peak, and that the shoes which will be offered later on—perhaps in the fall—will be at lower prices. The same is true of clothing. Building materials—while they have not as yet actually dropped off in price, have at least gone no higher in spite of an increasing demand, and it is certain that lumber, steel and possibly cement and hardware, will begin to drop almost any day now, if for no other reason than the squeezing out of the abnormal profits that have been received somewhere along the long line between the original producer and the ultimate consumer. Real estate is moving rapidly. Rents are terribly scarce all over New England, and ridiculous prices are being received for even very mediocre accommodations. The criticism is often heard that the banks are doing less than they might to further the building of small homes. Whether this criticism is warranted or not, it certainly is true that New England must find at once some means of increasing the supply of small, moderate priced rents.

Business failures have shown a slight increase of late, but they are for the most part those of small and relatively unimportant concerns operating in a narrow circle, and cannot be traced to any special strain or weakness in any part of the industrial structure.

Retail trade managers report that credit conditions are fairly satisfactory.

Industrial Trust Co.
(Pawtucket Branch)
PAWTUCKET, R. I.
Capital $3,000,000
Surplus and Undivided Profits 5,809,190
Chester A. Moffett, Mgr.
Chas. L. Knight, Asst. Mgr.
Ernest L. Moffitt, Asst. Mgr.
Collections on this city and vicinity solicited and promptly remitted for at lowest rates. (Succeeded First National and Pacific National Banks of Pawtucket.)

CONVENTION DATES

At Boston—American Institute of Banking, June 15-17.

At Boston—Investment Bankers Association, October 11-14.

Park Trust Company
Park Building, 511 Main Street
WORCESTER, MASS.
Capital $300,000
Surplus and Earnings..... 170,580
Ralph H. Mann, President
J. Lewis Ellsworth, Vice-Pres. and Treas.
George E. Duffy, Vice-President.
Frederick J. Bye, Assistant Treasurer.
Send us your Massachusetts collections.

Deposit-Building Service for Banks

We have developed a service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. We offer this to our bank correspondents so that they may in turn offer it to their own clients. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

The Merchants National Bank of Boston

28 State Street Boston, Mass.

MASSACHUSETTS HAS NEW BANK EXAMINER

Joseph C. Allen, vice-president of the Union Trust Company of Springfield, has been designated State Bank Commissioner of Massachusetts by Governor Coolidge. He succeeds Augustus L. Thorndike, resigned. Mr. Allen is a native of New York city but his first banking experience was with the Second National Bank of Springfield as a messenger. He later rose in the Hampden Trust Company to the position of treasurer and became vice-president of the Union Trust Company when the Hampden and Union Companies merged.

Governor Coolidge has also recently appointed Warren A. Reed of Brockton Commissioner of Savings Bank Life Insurance; Clarence W. Hobbs of Worcester, Commissioner of Insurance, and Michael H. Sullivan of Boston, chairman of the Boston Finance Commission.

ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By Thomas Ewing Dabney

NEW ORLEANS, LA., March 15—(Special.)—Highway building is occupying the attention of the South as never before. The abundant wealth of the country, enabling the purchase of pleasure automobiles by every class of society, from negro field hands up, and the high cost of getting produce to market have shown what a Frankenstein the present system of roads is to the South.

In Arkansas 8,700 miles of highway are under construction. The program calls for an expenditure of $103,000,000. Alabama has authorized a $25,000,000 bond issue; Texas $75,000,000; Louisiana $14,000,000. In Mississippi the State Highway Commission is hammering at the legislature for $10,000,000. Other states are making similar progress. Arkansas leads the Union in the amount of highways under construction. Illinois, which is second, has 2,000 miles less.

Of grave concern to the entire South is the Mexican pink boll worm pest. This has been found in Texas, and in Cameron, Calcasieu and Jeff Davis Parishes of Louisiana. The Louisiana division, American Cotton Association, took the initiative in steps to combat the plague. After a meeting in March with Government officials, held in New Orleans, it decided that the only method of control and eradication lay in prohibiting by law the planting of cotton in the infected regions; compensation to be made the farmers from a fund raised by a 50-cent tax per bale on the state's cotton crop. A canvass of the members of the legislature has been made; replies show that an overwhelming majority will vote for this legislation when the legislature convenes in May.

Florida in the meantime has asked that the Government declare a Federal quarantine on Louisiana and Texas, not only on cotton seed but lint and linters. The South is thoroughly alarmed, and in this lies its safety. For while it is pointed out that the pink boll worm is a worse menace than the boll weevil ever was, it is also clear that by constituting infected regions non-cotton zones, the pest can be eradicated. If the South had taken similar precautions, it would not have suffered the disaster of the boll weevil —and it is not apt to forget that lesson.

Of interest to the entire South was the fifth annual convention of the Southern Pine Association. The attendance passed the 500 mark, and included representation from practically all Southern states, as well as a few Western, Eastern and Northern. Figures were produced showing that the lumber output is only sixty per cent. of normal, and with the high cost of labor and the tremendously increased demand, prices can be expected to go considerably higher. Those who put off building will therefore lose money.



Our first President

Merchants National Bank

RICHMOND, VA.

Capital . . . $400,000
Surplus and Profits over 1,700,000

The Gateway to and Collection Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Bank of Charleston N. B. A.
CHARLESTON, S. C.
Capital ..... $ 500,000
Surplus and Profits..... 800,000
Resources 15,000,000
E. H. Pringle, Pres.
E. H. Pringle, Jr., Vice-Pres.
R. S. Small, Vice-Pres.
A. R. LaCoste, Vice-Pres.
G. W. Walker, Cashier.
J. H. Lucas, Assistant Cashier.
C. N. Fishburne, Asst. Cashier.
Special attention given to city collections. Drafts on Charleston drawn with exchange remitted without charge.

A feature of the convention was the drubbing President Wilson received. He was hammered with neatness and dispatch by speaker after speaker; his policies were declared "fantastic" and he was denounced for trying to save Europe before he helped this country. "A business man for President" became a sort of slogan.

The convention also denounced labor agitation for shorter hours as "an economic crime" and classed most strikes as Bolshevistic.

Plans for the Missisippi Valley Convention, to be held in St. Louis April 20, are going rapidly forward. Already Louisiana's delegation will fill two Pullmans and the more enthusiastic are hoping to send a trainload of the representative financial and commercial talent of the city. From the various other Southern States, similarly encouraging reports are heard.

The Mississippi Valley Association is dedicated to the upbuilding of the great region from which it draws the name, and territory economically tributary to it. This is more than half the voting strength of the United States. The Gulf States have been first to benefit, because of the tremendous foreign trade, and the full weight of the Valley Association was thrown behind the demand that the Emergency Fleet give the gulf more allocations. The various ports benefited in proportion to their facilities. New Orleans received twenty-six sailings at one swoop.

Between Memphis and New Orleans a special weekly cotton service has been established by the Mississippi Barge Line of the Government. Between 4,000 and 5,000 bales of cotton are handled a week. Deliveries are made at ship side and the railroad time is cut in half, with rates ten per cent. cheaper.

Production records have been broken in the oil fields of Louisiana. The pipe-line runs for all districts are averaging nearly 122,000 barrels a day. The Louisiana field is the only one in the country that is increasing its output.

New regions of Louisiana are being prospected for oil, and drilling has commenced on the gulf coast of Mississippi. This entire region, according to geologists, is underlaid with oil pools.

New Orleans is becoming one of the great oil ports of the world. It will eventually be the greatest oil port in the world, because it is the center of the Gulf-Caribbean region, which is producing forty per cent. of the world's oil, and will soon be producing sixty per cent. New Orleans now has four refineries with a combined daily output of 32,600 barrels (42 gallons); two with a daily capacity of 10,000 barrels each, building; a 20,000-barrel plant planned; another plant of undetermined size planned; and an 8-inch oil pipe line building. New Orleans also has fourteen oil storage plants with a capacity of 3,715,765 barrels. New Orleans imported 7,942,376 barrels of crude oil in 1919, worth at least that many dollars. New Orleans exported $38,983,760 of refined oil and oil products during the same time.



CONVENTION DATES

Executive Council, A. B. A.—At Pinehurst, N. C., April 27-30.
Alabama—At Mobile, May 13-15.
Arkansas—At Little Rock, May 5-6.
Florida—At Pensacola, April 23-24.
Georgia—At Athens, June 9-11.
Louisiana—At Alexandria, April 22-23.
Mississippi—At Gulfport, May 25-26.
Tennessee—At Memphis, May 11-12.
Texas—At Galveston, May 25-27.

INTERESTING SPEAKERS SECURED

Some interesting talks are scheduled to be made before Louisiana bankers when they hold their convention in Alexandria April 22 and 23. "Income Tax Exemptions" is the title of an address to be delivered by Professor Geo. E. Putnam of Washington

Atlantic Savings Bank
CHARLESTON, S. C.
Capital $200,000
Surplus and Undivided Profits 297,270
Deposits over 3,698,000
Henry Schachte, Pres.
J. H. Jahnz, Vice-Pres.
Walter Williman, Cashier.
A. C. Koster, Assistant Cashier.

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank

Baltimore, Md.

Capital, $1,500,000 *Surplus, $1,000,000*

WALDO NEWCOMER, President
SUMMERFIELD BALDWIN, Vice-President
PAUL A. SEEGER, Vice-Pres. CLINTON G. MORGAN, Vice-Pres.
JOSEPH W. LEFFLER, Cashier WILLIAM R. WEBB, Asst. Cash.

University, St. Louis, Mo., followed by general discussion. Other speakers of note are down for sound, constructive talks.

CHANGES IN NEW ORLEANS BANKS

On March 1, Henry Irving Landry, assistant state bank examiner of Louisiana, assumed charge of the department of interior accounts for the Liberty Bank and Trust Co., having been elected a vice-president.

W. T. Warfield, cashier, John Dane in charge of the bond department and Fred Brenchley, in charge of the foreign department, are new vice-presidents of the Marine Bank and Trust Company. W. J. Pillow has been made cashier and George Delery becomes assistant cashier.

W. O. CONNOR

By the appointment of T. M. Dees to preside over its board meetings, directors of the Guaranty Bank and Trust Company of Dallas have filled the vacant office of president by choosing W. O. Connor for the position. Mr. Connor was formerly with the firm of Sanger Bros. The bank's capital will be increased from $100,000 to $1,000,000.

HEADS NEW ORLEANS CLEARING HOUSE

The highest honor in the New Orleans banking world has been conferred upon John E. Bouden, president of the Whitney Central Banks—that of presiding over the New Orleans Clearing House.

ANOTHER DALLAS PROMOTION

An earned promotion has just come to F. H. Blankenship, assistant cashier of the American Exchange National Bank. His election to the position of cashier was recently announced. G. H. Pittman, formerly cashier, has been elected a vice-president.

WICHITA FALLS, TEXAS, BANKS TO BE CONSOLIDATED

By consolidating the City National Bank and the National Bank of Commerce of Wichita Falls, Texas, will have capital, surplus and profits of approximately $1,800,000 and combined deposits of over $19,000,000. The new bank will be known as the City National Bank of Commerce and its principal clients will continue to be the various oil companies operating in Northern Texas.

Atlanta National Bank
ATLANTA, GA.
The oldest National Bank in the Cotton States
Capital $1,000,000
Surplus and Profits..... 1,500,000
Deposits 24,000,000
Robt. F. Maddox, Pres.
F. E. Block, Vice-Pres.
Jas. S. Floyd, Vice-Pres.
Geo. R. Donovan, Vice-Pres.
T. J. Peeples, Vice-Pres.
J. S. Kennedy, Cashier.

the George A. Fuller Company of New York and New Orleans, and the contractors express confidence that the structure will be completed by midsummer 1921, and believe they will be able actually to deliver the building by June 1, 1921. A. C. Bossom, of New York, is the architect.

The new Hibernia Bank building, when completed, will be one of the largest and handsomest bank and office buildings in the country. It will occupy a half acre of ground, and have entrances on three of



HIBERNIA BANK AND TRUST CO., NEW ORLEANS, LA.
— FAVROT & LIVAUDAIS, LTD. ARCHT'S. —

NEW ORLEANS BANK SHOWS SPEED

Tradition says the South is slow—but listen to this: The contract for the new Hibernia Bank and Trust Company building in New Orleans was signed about noon, Saturday, February 28. Work began Monday morning, March 1. The contract for the construction of the building was let to

W. R. Rison Banking Co.
HUNTSVILLE, ALA.
Capital $100,000
Surplus and Undivided Profits 165,820
A. L. Rison, Pres.
Harry M. Rhett, Cash.
Collections will receive prompt attention and be remitted for on day of payment.
Established 1866.

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Bankers Linen and Bankers Linen Bond

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high-grade serviceable paper for correspondence and typewriter purposes

Manufactured by Southworth Company, Mittineague, Mass.

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F. W. ANDERSON & CO.

INCORPORATED

34 Beekman Street, New York

the principal streets in the financial district of New Orleans, Carondelet, Gravier and Union. The building will rise twenty-three stories above the business sections of the city and will be topped with a mammoth cupola, which will mark the location of the bank for miles around. This will be the central column of the building, facing Carondelet Street, while the sides to Union and Gravier will each be fourteen stories.

The bank will occupy the entire ground and second floors of the building, which will be commodious and well appointed in every detail. The remainder will be made into offices. Aside from the banking rooms and corridors, the building will have 220,000 feet of floor space available for office purposes.

NEW CASHIER FOR DALLAS RESERVE BANK

Sam R. Lawder, who has been connected with the Federal Reserve Bank of Dallas since its establishment in 1914, has been appointed cashier. Mr. Lawder established the branches in El Paso and Houston.

ARKANSAS BANK INCREASES CAPITAL

The Inter-State Bank of Helena has increased its capital stock from $200,000 to $500,000 and its surplus to $250,000.

MEMPHIS PROMOTIONS

The following changes in the official family of the Union and Planters' Bank and Trust Co. were recently announced: Robert S. Polk, promoted from cashier to vice-president; Frank S. Bragg and J. R. Beauchamp, promoted from assistant cashiers to vice-presidents; Eldredge Armstead, promoted from assistant cashier to cashier; W. F. Harper and N. B. Gentry made assistant cashiers.

AN INNOVATION IN MARTINSBURG, WEST VIRGINIA

A Trust and Fiduciary department has just been added to the already large interests of the Old National Bank of Martinsburg, West Virginia. P. W. Leiter, who has a wide acquaintance with local people and conditions, is in charge. This is the first department of its kind in the city; President H. H. Emmert believes however that it will be a most important feature of his bank.

FATHER AND SON IN GREENVILLE, S. C., BANK CHANGES

Henry P. McGee, who has been vice-president of the Norwood National Bank of Greensboro, S. C., for about two years, and one of the oldest and most highly esteemed bankers in upper South Carolina, has severed his connections with the Norwood Bank and has become associated with the Woodside National.

Mr. McGee was president of the old City National Bank for twelve years.

This bank was consolidated with the Norwood National. Charles McGee, son of Henry P. McGee, was recently made vice-president of the Farmers & Merchants Bank, of Greensboro. Mr. McGee, the son, was cashier of the City National Bank up to the time of its consolidation with the Norwood National.

Opelousas National Bank

OPELOUSAS, LA.

Capital $50,000
Surplus and Undivided Profits 106,300
E. B. Dubuisson, Pres.
C. L. Dupre, Vice-Pres.
Chas. F. Boagni, Vice-Pres.
A. Leon Dupre, Cashier.
M. J. Pulford, Assistant Cashier.

Charter No. 6920. Began business October 1, 1903. Collections solicited.

1865 1920

ESTABLISHED OVER HALF CENTURY

Dry Cold Storage

For

FURS

Moderate Rates

Storage Vaults Located on the Premises

Out of town customers may send their
furs by express, charges collect

We are now displaying a Great Variety of Attractive Models for

SPRING AND SUMMER WEAR

IN

RUSSIAN AND HUDSON BAY SABLES

C. C. SHAYNE & CO.

126 West 42nd Street, New York

Telephone: Bryant 4360

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa and Missouri.

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By Charles L. Hays

HIGH record figures for bank loans, for rediscounts at the Federal Reserve Bank and for reserve notes in circulation are matters of almost weekly occurrence nowadays, with an accompanying ebb in the reserve ratio to stages lower than were known at any time during the period of the war. Nevertheless the feeling in financial circles is much more confident than it was a few weeks ago, business is exceptionally active and there seems to be a more general acceptance of the idea that with the enormous public demand for goods which must be met with production on a high scale of wages and materials the great demand for money with which to carry on these operations cannot be regarded as a passing phase of after-war readjustment, but must be reckoned with for an indefinite time. For this reason bankers do not see any likelihood of lower interest rates in the near future.

March has passed without a sign of the easing of conditions which recurred in that month for so many years that it had come to be regarded as a fixed seasonal movement. Commercial borrowing is still very heavy, especially in the cities, and while the interior banks now seem to have more surplus funds than at any other time since last summer, the excess is likely to be materially lessened with the opening of the planting and stocking season in the country, the buying of new equipment and the making of farm improvements. Commercial paper rates are firm at six and three-quarters to seven per cent. and a good volume is offered, which finds an outlet principally to the country institutions. Their purchases are ten to fifteen per cent. heavier than at the corresponding time last year. Indeed, the market in this direction is broadening all the time under the encouraging influence of the facilities afforded by the Federal Reserve Banks. Bank accommodation to regular customers is on a six and one-half per cent. minimum basis. There has of late been more country money available in Chicago for call loans to stock brokers and much of this has been put out at six and one-half per cent., which is one-half to one per cent. lower than the rates prevailing a month or so ago. The increased supply, however, has been more than counterbalanced by an expansion of speculative activity.

The ratio of reserves of the Federal Reserve Bank of Chicago to combined net deposit and note liability declined in the last week of March to 41.31 per cent., the lowest figure ever recorded, and for the first time a lower figure than that for the twelve reserve banks combined. All through the war the ratio of the Chicago bank was well up in the 60's and was almost invariably ten points or more above that of the combined banks. These figures tell perhaps more eloquently than any others the extent of the credit expansion that has taken place in the central west in the last six months; but there are others almost as interesting and illuminating.

Rediscounts of member banks at the Federal Reserve Bank at the beginning of April totaled $396,544,867. The maximum for the two years of the war was $270,000,000. Federal Reserve notes in actual circulation also were at a high record mark—$520,064,725. Rediscounts have gone up steadily since January 9, with the exception of one week, that beginning with March 15, on which date the Government redeemed some $174,000,000 of Treasury certificates in this district. In that week there was liquidation by member banks and their loans decreased $41,000,000, but this was more than wiped out in the succeeding week by an increase of $62,000,000.

Relaxation of conditions had been gen-

Alexander Co. Nat. Bank

CAIRO, ILL.

Capital $100,000
Surplus 100,000

D. S. Lansden, Pres.
Chas. Feuchter, Jr., Vice-Pres.
J. H. Galligan, Cashier.
Frank Spencer, Assistant Cashier.

Send us your Cairo items. Satisfaction guaranteed.

COMPLETE FACILITIES *and* PERSONAL SERVICE

THE Northern Trust Company-Bank has this to offer in representing the interests of out-of-town banks and business men generally:

The services of a complete banking institution, embracing departments of Banking, Bonds, Trusts and Savings.

This bank preserves a real personal interest in the financial affairs of its customers, thereby rendering a more helpful service.

THE NORTHERN TRUST CO.-BANK

N. W. CORNER LA SALLE & MONROE STS.

Capital and Surplus $5,000,000

erally expected following the closing of the heavy transactions in farm lands on March 1 and the clearing of the income tax payments of March 15, but so far there has been no realization of these hopes. Land speculation, especially in Iowa, Illinois and Indiana, has been on such a scale for the last year that the resulting transfers, all being thrown together at one time, swamped the offices of attorneys, abstract-makers and recorders and some weeks were required to clear up the accumulation of work. This prolonged the tie-up of funds and the amount involved was very large in the aggregate.

EFFECTS OF LAND SPECULATION

This land speculation is having an effect on the population of some of the central states, Iowa in particular, which is likely to be noticeable for some years. This is a sweeping reduction in the ranks of tenant farmers as well as of the holders of small acreage. The former in large numbers are leaving land valued at $200 to $400 an acre, which formerly was held at $100 to $150 an acre, because they cannot or do not care to pay rentals of $10 to $18 an acre as compared with the normal rate of $5 to $7 an acre, and the latter are selling their land at the current high prices and moving north and west, or even to Ohio and farther east where for the same investment they can obtain much larger holdings, although the land may be somewhat inferior. Not less far-reaching in its effects is the city-ward movement of farm labor. High wages in the industrial centers have attracted thousands of rural workers and agricultural forces have become so depleted in spite of liberal increases in pay there also that complaints of shortage of help are general in all the central states.

This undoubtedly will result in some reduction in soil crops this year, and a consequent aggravation of the food situation. More acres are being put into grass and into crops requiring the least labor to till and harvest. This shrinkage may be minimized by a continuance of high prices for farm products until after the planting season is past, but the influences working for curtailment probably will have to be given serious consideration sooner or later.

RETAIL TRADE STRONG

The extent to which business activity is maintained is astonishing. Retail trade has

made a new record each month this year, the expansion culminating in an Easter distribution of merchandise much greater than was ever known before. Public buying, nevertheless, has not so much the characteristics of a debauch as it had a few weeks ago. Leading wholesalers believe that the worst stage of indiscriminate expenditure has been passed and that improvement in this respect may be expected from now on. There is still a strong demand for goods of first quality and high price, but this is not now regarded as necessarily an evidence of extravagance. There are a great many families in more comfortable circumstances now than ever before who buy for durability regardless of price, in the belief that this is true economy. This, and not improvidence, may account for the fact that cheap merchandise is now and for some time has been hard to sell.

Buying by country merchants shows no lack of confidence in the future. Their purchases for fall needs, now about completed, has been on a liberal scale. Their stocks are not large, as for some time hand-to-mouth buying has been the rule and the shortage of goods, which is almost as acute as it was in the first stages of industrial readjustment to peace conditions, seems to give them security against a rapid and drastic decline in prices that might involve them in loss.

Business of the large mail order houses for March was about fifty per cent. in excess of that for the corresponding month of last year. Orders are well distributed and show a much smaller proportion of non-essentials than is the case with over-the-counter traffic.

Manufacturing is going ahead with greater speed, the coming of spring having lessened perceptibly the obstacles that beset industry all through the winter in labor's insistent demands and indifferent performance, in a fuel shortage that was never entirely relieved from the time of the coal strike last fall up to the current month, and in transportation difficulties which hindered the obtaining of raw materials and the distribution of products. The steel mills of the district are operating at more than seventy-five per cent. of capacity for the first time since the strike of last September, they are at last receiving enough fuel, and are swamped with orders. The largest corporation, which only recently began booking orders beyond July 1, is now virtually full up to the first of next year, and this without any increase in prices. The largest of the independent companies are now taking orders for the second half

First 1st Chicago

Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over $380,000,000

The Corporation Manual

Twenty-first Edition—1920

A Handy Reference Book of 2421 Pages Clearly Printed on Good Quality Paper—Strong Buckram Binding. A Systematic Arrangement of the Statutes Affecting: Both Foreign and Domestic Business Corporations; The Uniform Stock Transfer Act: The Blue Sky Laws; The Anti-Trust Laws; Forms and Precedents.

United States Corporation Company

65 Cedar Street, New York

of the year, but prices averaging about one cent a pound above those governing business up to July 1. The still smaller concerns have all they can do and are obtaining substantial premiums over current prices for prompt deliveries. Implement makers have accumulated good stocks in anticipation of another season of active selling and they are moving in such a way as to justify expectations, except in the case of tractors, which are not being taken by the farmers so eagerly as had been hoped.

Building is being pushed as rapidly as the limitations of labor and materials will permit. Prices were higher than ever were known before, but housing and industrial necessities are so great as to make imperative all the construction work that available forces and supplies can provide for. Chances of any serious labor disturbance about May 1 have been greatly diminished by settlements with several of the principal unions on the basis of a year's contract at $1.25 an hour.

Recent investment offerings have found a ready market where they have been of the highest class and the return has been in the neighborhood of seven per cent. Preferred stocks are not moving so well and there are some millions of issues put out in the last six months still undigested in the local market. Municipals on a basis of five to 5.25 per cent. as compared with 3.80 to four per cent. in normal times meet with a steady, moderate demand, but these prices are likely to have a discouraging effect on new issues. The city of Chicago has pending a flotation of $20,000,000 bonds for park improvement, voted in the February elections, and was to vote in March on a further issue of $34,000,000. Until a year or two ago the city was always able to sell its bonds, bearing four per cent., at par. The bids that could be obtained now on such offerings as those mentioned probably would cause such a shock as to lead to the adoption of some expedient of temporary financing, perhaps through some short-term security. There has been good buying of Liberty bonds recently and much money has been absorbed by Canadian municipals, offering of which on a seven per cent. basis has been made possible by the exchange situation.

CONVENTION DATES

Reserve City Bankers—At Cleveland, May 24-26.
Illinois—At Galesburg, June 22-23.
Iowa—At Des Moines, June 28-30.
Minnesota—At Duluth, July 7-8.
Missouri—At Kansas City, May 18-19.
Ohio—At Cedar Point, July 15-16.
Wisconsin—At North Lake, June 16-17.

CHICAGO BANKER RESIGNS

Joseph McCurrach, who has been in charge of the foreign department of the Continental and Commercial National Bank of Chicago since 1902, has resigned his post of vice-president to become senior officer of the United States for the Banco National Ultramarino, Ltd., with headquarters in New York. The Banco National Ultramarino is an international banking house and acts as an intermediary on export and import trade.

S. C. STALLWOOD

Solomon A. Smith, president of the Northern Trust Co. of Chicago, announces the appointment of S. C. Stallwood as treasurer.

BANK ADOPTS PROFIT-SHARING PLAN

Charles G. Dawes, president of the Central Trust Company of Chicago, announces a unique plan of "profit sharing." The directors have decided to declare in December of each year a cash "dividend" on salaries earned during the year at the same rate as dividends on the bank's capital stock. Stockholders are now receiving ten per cent. a year as dividends, so that under the new plan each officer and employee will receive a sum equal to ten per cent. of the pay for the year.

JOHN FLETCHER

At the annual meeting of the Union League Club of Chicago, held March 22,

Credit
Inquiries

Our location and facilities enable us to keep in close touch with the credit standing of Eastern and Middle Western corporations and individuals. We invite your inquiry regarding Credit Service rendered our correspondents.

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, President

BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, Vice-President
S. P. JOHNSON, Assistant Cashier
HENRY MEYER, Assistant Cashier
R. V. KELLEY, Assistant Cashier

John Fletcher, vice-president of the Fort Dearborn National Bank, was elected president of the club.

GAYLORD S. MORSE

Gaylord S. Morse has been appointed assistant cashier of the State Bank of Chicago.

DEATH OF WILLIAM B. LAVINIA

William B. Lavinia, one of the best known bank credit men in the United States, died at his home in Oak Park, Ill., on March 13, 1920. He was assistant cashier of the National Bank of the Republic of Chicago and was for seventeen years manager of its credit department. He had been with the bank since January, 1903, having previously been associated with Dun's and Bradstreet's organizations during a period of twenty-two years. He was a member of the Bankers Club of Chicago, the National Association of Credit Men, and the Oak Park Country Club.

ENGLEWOOD STATE BANK CHICAGO

In connection with its latest statement of condition, the Englewood State Bank of Chicago published a table showing that its deposits have increased from $1,280,000 in 1915 to $3,391,000 in 1920.

CLIFFORD ARRICK

David R. Forgan, president of the National City Bank of Chicago, announces the appointment of Clifford Arrick as vice-president of the bank. For the past twelve years, Mr. Arrick has been associated with the Bell Telephone System. He is a veteran of the Spanish-American War.

TEN PER CENT. BONUS FOR EMPLOYEES

Employees of both the First National Bank and the First Trust and Savings Bank of Chicago were cheered on April 1 by the award of a ten per cent. bonus.

DETROIT ORGANIZES AN EXPORT AND IMPORT CLUB

Announcement is made of the formation in the city of Detroit of an Exporters and Importers Club.

It is the plan to include in the membership of the Exporters and Importers Club of Detroit individuals or representatives of

concerns that are directly engaged within the State of Michigan in some branch of overseas trade, banking, maritime insurance and transportation. Membership is open not only to executives of the export departments, but to members of their staffs who are desirous of improving their knowledge of the subject. The dues are nominal.

TWO CHICAGO WOMEN HANDLE BIG BANK ADVERTISING ACCOUNT

Two young women in Chicago of entirely different training and experience have formed a partnership for business promotion. They call themselves "Business Builders," and the term exactly expresses what they are doing.

They are Miss Margery Currey and Miss Irene Williams. Miss Currey is a journalist of high standing, having been a writer on the Chicago Daily Tribune for several years and before that on the staff of the Chicago Daily News, as well as a contributor to magazines. She has directed the publicity for many important local and national campaigns, and did valuable publicity work for various official wartime organizations, notably that of the Illinois division of the Council of National Defense and the Federal Children's Bureau. She is a graduate of Vassar College and a member of several



MISS MARGERY CURREY

clubs of Chicago. Miss Currey has been through the newspaper mill and knows news and what the public wants to read. She is widely read and intelligent, with a broad viewpoint and a saving sense of humor that shows in the delightful "stuff" she sends out for her clients. She believes that commercial publicity is in its infancy, that the future for this work is great and that an advertising campaign not backed up by the intimate touch only possible through written



MISS IRENE WILLIAMS

articles, is not developed to its full capacity for business growth.

Miss Williams is a highly specialized office executive with twenty years of active experience in direct mail campaigns and office record installation. Her experience was gained in the Illinois Manufacturers' Association under the direction of Mr. John M. Glenn. Her work there was varied in character, ranging from purely statistical office records and systems up through the membership lists and records to the material from which the membership was recruited. She probably has as thorough a knowledge of the business men of the country, their business and social connections and their financial standing as any person in Chicago.

Miss Williams was a very great factor in the preliminary organization of the Great Lakes Trust Company, of which Mr. Harry H. Merrick is the president. Mr. Merrick has created a bank whose record in deposits in the short time of its existence has been unequalled, and the details involved in carrying out his plans for building the deposits have been to a large extent in Miss Williams' hands. This constructive work is largely that of preparing specialized lists, and her theory borne out by active experience is that while the list is important, the re-check of that list is vital to the success of a system of this kind.

What one of the most highly respected



There are two times when you need an account with the Commerce

1st: When you have surplus funds

2nd: When you haven't

When you have surplus funds, you need a safe place to deposit. Our invested capital for your protection is fourteen and one-half million dollars.

When you haven't surplus funds, you sometimes need a place to borrow. Our resources are over $95,000,000 —and making loans is part of our business.

The National Bank of Commerce

IN ST. LOUIS

and progressive banks in the country thinks of having women on its staff of experts is shown in the fact that this firm has been entrusted by the Great Lakes Trust Company of Chicago with the bank's advertising and publicity service, and with the handling of the direct mail campaigns for enlarging its business.

CHICAGO TRUST COMPANY PURCHASES RECTOR BUILDING

The Seventy Nine West Monroe Street Building Corporation (stock of which is held by Chicago Trust Company) has purchased from the Lehmann Estate, the building southeast corner Monroe and Clark Streets, known as the Rector Building for approximately $1,000,000.00. The building which is 14 stories high of modern fireproof construction, occupies one of the best locations in the financial district.

The new owners plan extensive alterations in the building including a new bank entrance and safe deposit vaults. The Chicago Trust Company plans to occupy as much as may be needed of the lower floors and develop a high-grade financial tenancy for the remainder of the building, which will be renamed Chicago Trust Company Building. The company was organized in 1902 with a capital of $250,000. Lucius Teter is president of the bank, John W. O'Leary, Edward P. Bailey, John A. McCormick, W. T. Bacon and F. O. Birney, vice-presidents.

NEW BUILDING FOR FIRST AND OLD DETROIT NATIONAL BANK

The wrecking of the historic Pontchartrain Hotel on Cadillac Square in Detroit, which for years was the leading hotel in that city, began today. The hotel closed its doors the first of the year. Even the foundations are to be removed in order to make way for the new bank and office building of the First and Old Detroit National Bank, Emory W. Clark, president. Due to the rapid growth of Detroit, the shortage of suitable office building space which has been felt by many of the important business firms of Detroit, has overshadowed the shortage of hotel accommodations.

The new bank and office building will be twenty-four stories, will cost about $8,000,000 and will be one of the most imposing structures in Detroit. In addition to quartering the First and Old Detroit National Bank, the new building will furnish a home



First Annual Banquet, First National Bank, St. Louis, Mo.

for the Central Savings Bank and First National Company, a Securities Corporation, both of which have recently been unified with the First and Old Detroit National Bank interests. The bank quarters in the new building will be between three and four times the size of the space at present occupied by the two banks.

The First and Old Detroit National Bank has been expanding its organization rapidly during the past year. Its stockholders now own the stock of the Central Savings Bank which has six branches, and also the stock of the First National Company, a new Securities Corporation which began the year with capital and surplus of $1,200,000 fully paid up. The combined capital and surplus and undivided profits of the First and Old Detroit National Bank and Central Savings Bank, according to the last statement, was $10,687,237.19; the combined deposits were $98,684,309.00 and the combined resources, $125,408,941.30.

INCREASES CAPITAL

Stockholders of the Detroit Savings Bank have approved the proposal of the directors that $750,000 be added to the bank's capital and the same amount to its surplus, making each $1,500,000. About May 1 the work of remodeling the four lower floors of the Chamber of Commerce building for a new home will begin.

CHANGES IN BAY CITY BANK

Irving H. Baker has been elected vice-president and manager of the First National Bank and the Bay County Savings Bank of Bay City, Michigan. Both institutions have the same board. Harry J. Martin is now cashier and Arthur C. Harrison assistant cashier of the First National.

BANK TO START PROFIT SHARING

The First Wisconsin National Bank has established a plan for profit sharing which may add twenty per cent. or more to the salary of every one in the bank, from office boy up to president.

"We believe that this is one of the most striking plans in the country," said President O. C. Fuller.

"The plan provides that profits after taking eight per cent. of the capital employed in this $100,000,000 bank, be divided as follows: twenty-five per cent. for the workers and seventy-five per cent. for the bank. The profit sharing does not go into effect after a long period. We begin to pay profits June 1, estimating as nearly as we can for the first six months and paying the remainder of the profits of the year on December 1.

"The profits will be paid in two large sums each year, so that a payment of several hundred dollars can be used for something permanent and worth while. Some will make payments on their homes with this money, we have found by inquiry; some will pay mortgages, others will make worthwhile investments. We believe that profits will permit of payments of twenty per cent. or more on salaries. This would mean $400

The heart of the Northwest



MINNEAPOLIS—the logical city through which to route your business for this great agricultural community

Our chain of 1900 Correspondents will speed up your collections

FIRST NATIONAL BANK

MINNEAPOLIS

Formerly First & Security National Bank **Capital and Surplus $10,000,000**

on a $2,000 salary, or $600 on a $3,000 salary.

"Put in another way, an increase in salary of twenty per cent. by means of sharing profits, would mean more than two months' additional pay each year."

Another provision of the plan is that all employees share in profits, if they have been with the bank two months prior to semi-annual payments, June 1 and December 1.

The eight per cent. reserved for capital, before profit sharing starts, will include the capital stock, surplus and undivided profits as representing the money employed in the business.

$5,000 IN PRIZE MONEY FOR NEW BUSINESS

Charles Rebstock, one of the board of directors of the National Bank of Commerce in St. Louis, has announced he will give $5,000 in prizes to the employees bringing in the greatest volume of business this year. The contest for new business started April 1.

In order that all employees will have an equal chance to win a prize the personnel of the bank will be divided into teams graded on the experience of the individuals composing them. The older employees will be grouped together in one section, while those of less experience will form another class.

At the conclusion of the contest, Rebstock will give a banquet for the officials and employees of the bank, at which the winners will be announced and the prizes distributed.

NEW HOME FOR ST. LOUIS BANK

The Central National Bank of St. Louis has leased the former home of the Third National (now merged with the First National) at the corner of Olive street and Broadway, taking over all the Third's fixtures valued at $30,000.

CHANGES IN MISSISSIPPI VALLEY TRUST CO.

At a recent directors' meeting Thomas J. Kavanaugh, credit manager and head of the new business department, and Guy C. Philips, assistant executive officer, were elected vice-presidents of the Mississippi Valley Trust Co. of St. Louis.

ADVERTISES IN "PRINTERS' INK"

In keeping with the better publicity methods in vogue to-day, the First National Bank of St. Louis is using "Printers' Ink," the publication, to reach the advertising fraternity and men of affairs throughout the country. A black and white picturization of the famous Eads bridge is a feature of the display.

$10,000,000 DEPOSITS

Congratulations upon having reached the ten-million-dollar deposit mark are being accepted by the executives of the Midwest National Bank and Trust Company of Kansas City. The proud event occurred early in March.

DES MOINES NATIONAL BANK

Additional capital of $250,000 has been taken up by stockholders of the Des Moines National Bank at $150 per share, par value $100. This makes the bank's present capital $1,000,000. It became effective at the close of business March 25.

DEATH OF E. SANFORD MILLER

E. Sanford Miller, assistant secretary and manager of the savings department of the Commerce Trust Company, Kansas City, died March 29, as the result of an acute

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heart attack. Mr. Miller entered the banking business in Baltimore, his native city, when but 19 years of age. For fourteen years he served in various capacities with the Citizens National Bank of Baltimore, coming later to the Middle West as auditor for the U. S. Fidelity and Guaranty Co. He had been with the Commerce Trust Co. of Kansas City since 1915.

OHIO BANKS VERY STRONG

According to Ira R. Pontius, State Superintendent of Banks in Ohio, the incorporated and unincorporated banks under his supervision have just reported total resources of one billion three hundred million dollars and total deposits of nearly $1,115,000,000.

WOODEN CAGES DURING ALTERATIONS

The Fidelity National Bank and Trust Company of Kansas City, Mo., has solved the problem of carrying on business during remodeling in an interesting way. The balcony floor, which is to be extended farther into the lobby, will first be completed; then a temporary wooden flooring will be built extending across the present lobby on the second or balcony floor level. Then temporary wooden cages will be built upon this floor with inclined planes leading to that level. When this temporary floor and its equipment is in readiness, the entire force, including the officers, now located in and around the cages, will be moved to this level. Alterations will then be made in the present cage system on the ground floor and when in readiness the temporary floor and temporary cages will be torn out and tellers and officers moved back into their remodeled quarters.

CLEVELAND TRUST CO.

F. H. Goff, president of the Cleveland Trust Company, announces that his institution will operate the Hough Bank and Trust Company, which was absorbed April 1, as a branch. Following the enactment of a new Ohio law removing all limitations on bank directorates, the Cleveland Trust has increased its board of directors from thirty to thirty-eight members.

MINNEAPOLIS BANKS ELECT NEW OFFICERS

Guy Masters and Clarence R. Chaney have been made assistant cashiers of the Northwestern National Bank.

Rome B. Gross is now an assistant cashier of the American State Bank.

P. J. Kelly, a former president of the Gateway State Bank, is now vice-president of the new Lincoln Trust and Savings Bank.

E. S. Jones is now vice-president of the Exchange State Bank. He was formerly associated in the same capacity with the Millers and Traders State Bank of Minneapolis.

CINCINNATI BANK INCREASES CAPITAL

An increase in the capitalization of the Western Bank and Trust Co. of Cincinnati from $500,000 to $1,000,000 became effective April 1. Stockholders purchased the new shares at par at the rate of one share of new stock for every share previously held.

TOLEDO BANK WILL ACQUIRE LARGER QUARTERS

With three banking offices to its credit—and still growing—the Commercial Savings Bank and Trust Company of Toledo is entering upon a program of enlarging and improving each of its three places of business. On March 1, 1920, the Commercial Savings and Trust reported deposits of $7,480,000.

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By Samuel Sosland

IMPROVEMENT in spring weather conditions has given impetus to business in the Western States. Activity continues the rule, with the most favorable showing in the southern portion of the western tier of states, notably in Kansas, Nebraska, Oklahoma and New Mexico. Kansas and Oklahoma are enjoying remarkable stimulus from the oil industry. Montana and neighboring states are not in so favorable a position because they are feeling the effect of the lessened production of crops on account of drouth last year.

While activity prevails, there is evident throughout the Western States a tendency to proceed with increasing caution. The larger business interests display cautiousness on the whole to a far greater extent than the minor members of the various industries in which the West is engaged. Bankers are putting brakes on speculation through their forced policy of restricting loans. The general public is still in a wild spending mood, with only scattered instances of an increase in conservatism reported by retail merchants.

Nervousness over the ability of Europe to make purchases of surplus farm and range products and tightness of money stand out as the dominating factors in the business of the Western States. In every wheat-distributing point, for example, more attention is being given to the fluctuations in foreign exchange rates, particularly sterling, than at any other time in the history of grain markets. Just now the changes in sterling rates are really the most important influence on wheat prices. The advance in sterling from the low of $3.18 in February to $4 the latter part of March made a bushel of wheat cheaper by sixty-two cents at current levels to the English buyers. When sterling recedes ten cents, it is not unusual to find wheat declining. In the livestock industry, which requires a wider export outlet for pork products, the ability of Europe to make purchases has lately proved disappointing. Hog prices are as much as $5 per hundredweight lower than a year ago, because of the reduced export demand. The fact that Europe needs America's surplus pork is encouraging, but for the present the failure to arrange for purchases acts as a damper on prices. The copper industry is similarly affected. These are only instances of the vital influence Europe exerts over the West.

Money became tighter in the past month. Spring needs of farmers and stockmen resulted in increased borrowing. Bankers rejected applications for an enormous aggregate of loans for purposes which smacked of speculation. The higher rates for money are not a deterrent to a majority of borrowers. Lack of cars for moving

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Temporary telephone—Murray Hill 2097

unsold winter wheat and other crops was again a powerful factor in continuing tightness of money. A bullish spirit among farmers also restricted marketing.

The annual March reserve report of the Department of Agriculture credited Kansas, Nebraska and Oklahoma combined with stocks of 91,946,000 bushels of wheat in the hands of farmers, millers and dealers. A year ago the stocks in the three states were ony 21,125,000 bushels. On the basis of the $2 guarantee the wheat still unsold is worth about $200,000,000. However, it should be borne in mind that the best grades of wheat are commanding a premium of as much as fifty-five cents a bushel over the guarantee. Although the Government guarantee expires May 31 under the Lever Act holders are loath to sell, and bankers are exerting pressure to bring about sales in order to effect liquidation of loans. In North and South Dakota, where crops were light last year, the wheat holdings show practically no change, amounting to 46,574,000 bushels.

Domestic demand for flour has lagged, but export developments have been of an encouraging character. Production of flour has declined sharply, but the domestic consuming trade, which has made no important purchases for more than sixty days, will probably soon enter the market. A restricting influence in the flour trade is the cautiousness apparent among buyers as the time for the expiration of the Government guarantee approaches. In cereal markets the restricted movement from the country stands out significantly as a strong bullish factor. Livestock feeders, however, are hardly netting current market prices from the corn they are feeding.

While prices on finished livestock are disappointing, the demand for cattle for grazing purposes is strong. Stock sheep are also in good demand. The northwestern areas which liquidated stock last year are beginning to seek supplies. Rangemen in Texas are selling some aged cattle to graze in Kansas at prices around $100 a head, or at declines of $20 to $40. One of the usual phases of livestock markets is the discount of $2 per hundredweight prevailing on fat hogs as compared with light-weights. This is attributed to the lack of a broad export demand for provisions and to the prosperity of the cotton workers in the South, who are demanding choice cuts of pork instead of the coarse grades from

Attracting Business To Your Bank

Among the people you seek as patrons—those whose accounts are desirable and profitable—are many who regard a banking connection as one of the every-day necessities. The question is not whether to open an account, but in which bank to open it.

The problem lies in transforming these desirable prospects into customers, convincing them that the banking connection they need awaits them at your particular bank.

The Collins Service attracts this profitable business and provides for retaining and developing it.

When this Service works for your bank, it works for no other in your community.

The Collins Service

PHILADELPHIA PENNSYLVANIA

heavy hogs. Quiet in wool markets is checking bullishness on lambs and sheep. Horses and mules are easier.

Lambing has begun in the west, with a good outlook. The farrowing season is not yielding as many pigs as last year, owing to reduced holdings of sows. Cattle breeders will have a liberal crop of calves. The foal crop will be light, owing to lessened breeding of mares.

Generous rains have fallen, putting the soil in excellent condition for spring crops and brightening the prospect for winter wheat and for pastures. Planting has made great progress, and it is plain that the graingrowers of the Western States require no exhortation to increase production. Winter wheat was damaged considerably by high winds in Kansas, Oklahoma and Nebraska. In a few weeks markets will be offering the first harvests of 1920—new crop alfalfa hay from New Mexico. Farmers could well use more labor, but the season is early and each farm hand probably will average more work than usual for the spring.

Oil is the magical influence in the business of the Western States. Spurred by the extremely high prices for oil, Oklahoma has increased its production to a new high record total. Drillers are also active in Kansas. Montana is becoming the scene of drilling operations. Small refiners are still embarrassed to a degree by the high crude oil market, up to $3.50 a barrel, and the failure of refined products to advance proportionately. The oil industry however, is the source of an unprecedented flow of money.

In mining greatest activity is reported on coal production. Lead and zinc interests are operating on a moderate scale, with markets irregular. The copper industry is more hopeful, but prices have failed to improve. Production is still on a heavy scale, but stocks are accumulating.

New building is active but the extraordinary cost of materials and labor and the higher loan rates are deterring influences. Lumber is in good demand, but prices show recessions of about $5 from the recent record levels. Production in yellow pine districts is increasing.

Real estate transactions are marked by lessened activity in farm and business property and boom conditions in the sale of residences, which are as much as 100 per cent. over the market of a few years ago. Taking advantage of the spending mania

The Omaha National Bank

OMAHA, NEBRASKA

Established 1866

Capital $1,000,000
Surplus (Earned) . . $1,000,000
Total Resources . . $43,000,000

J. H. Millard, President

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B. A. Wilcox . . . . . Vice-President
Frank Boyd . . . . . Vice-President
Ezra Millard . . . . . Cashier
O. T. Alvison . . . . . Assistant Cashier
J. A. Changstrom . . . . . Assistant Cashier
W. Dale Clark . . . . . Assistant Cashier
Edward Neale . . . . . Assistant Cashier

Direct Transit Facilities

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and the high prices, dealers are urging owners of homes to cease renting and to offer their properties for sale. This tends to intensify in an artificial manner the shortage in homes and apartments.

CONVENTION DATES

Kansas—At Wichita, May 20-21.
Montana—At Butte, August 6-7.
Nebraska—At Omaha, June 15-16.
North Dakota—At Valley City, July 8-9.
South Dakota—At Watertown, June 23-24.

NEW BANK OPENS IN DENVER

The old Commerce State and Savings Bank of Denver is no more. In its stead the Globe National Bank is now doing business on a capital of $200,000 and a surplus of $50,000. D. H. Staley is president and August Loching cashier.

NEW BANK SKYSCRAPER GOING UP IN OMAHA

The American National Bank of Omaha is looking forward eagerly to the time when it can occupy its new home, a $2,000,000 twenty-story building to be erected on the site of the Sanford Hotel, at Nineteenth and Farnam streets. The style will be gothic and the material will be of steel, brick and terra cotta.

EXCHANGE NATIONAL, TULSA, OKLAHOMA

The Exchange National Bank of Tulsa, Okla., has added Harry Bagby, former manager of the Tulsa Clearing House, to its executive staff. He will assist in the country bank department. R. C. Piper, former bank manager, becomes manager of the Clearing House. The Exchange National has a capital of $1,250,000; surplus and undivided profits of $1,901,225 and total resources of $33,353,345.

ENTERS FEDERAL RESERVE SYSTEM

The Banking Corporation of Helena, Montana, has been admitted to membership in the Federal Reserve System and is now advertising that it is under "both Government and state supervision." The institution has a capital of $500,000, surplus of $10,000 and undivided profits of $40,000. George L. Ramsey is president.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska.

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. Donnellan

WHOLESALE and jobbing trade on the coast is good, but there is a marked diminution in retail trade. People are buying with more conservatism than has been evidenced in the last two years. Indications are that the peak of high costs is at hand.

General rainfall through the month of March has brought the season's rainfall nearly to normal in the southern part of California and has improved conditions greatly in other parts of the state. Rice and sugar beet acreage has been materially cut down. In Idaho, Utah and Nevada acreage is undiminished, but indications are that yields will be about eighty per cent. of normal. Range conditions are favorable except in northern Utah. No damage of consequence was done to citrus crops, and favorable conditions have surrounded the harvest of navel oranges and lemons.

Building and construction continue active in spite of high prices of materials and labor, not only on manufacturing and industrial plants but on housing facilities for which there is an insistent demand.

With a pack of one-half to one-third of normal anticipated by canneries the first of the summer fleet of salmon boats has gone to Alaskan waters. Several canneries in southeastern Alaska will not operate at all this year. A considerable portion of last year's short pack is yet unsold, while low markets are another cause of this check on operations. The Alaskan salmon output last year was only 4,592,201 cases, the smallest since 1915. In 1918 Alaskan canneries put out the greatest pack in their history, amounting to over six and one-half million cases.

The last bank call of February 28 found all the city banks of the Coast with deposits decreased as compared with the previous call of December 31. In California the call date fell on the last business day preceding the first Monday in March, the date on which Californians file tax statements. Withdrawals in large amounts are traceable to that cause. In the Pacific Northwest withdrawals by country banks of surplus funds for the purpose of financing spring seeding operations of their customers was responsible to a great extent for decreases.

Money is still high and scarce, as might be expected from the unprecedented demand for credits. The banks are curtailing loans that have the slightest appearance of being for speculative purposes. Banks are now charging seven per cent. for reasonably good loans, though the gilt-edged variety gets a slightly better rate.

The issue of Treasury certificates of indebtedness dated March 15, 1920, and running for one year at 4¾ per cent. are not in great demand among the banks of the

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$100 Treasury Savings Certificates for . . $83.00
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An individual or a firm may own $1000 (maturity value) of GOVERNMENT SAVINGS SECURITIES in addition to any bought during 1919.

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Bankers and business men anxious to obtain accurate and exact information concerning credit data, industrial possibilities and a general knowledge relative to the Pacific Northwest will find a comprehensive, reliable and complete service here.

Our increase in deposits during the last two years is nearly $4,000,000.00

Scandinavian American Bank

Pacific Avenue at Eleventh Street, Tacoma

Twelfth Federal Reserve District. With the Federal Reserve discount rate at five per cent. banks are reluctant to purchase certificates bearing only 4¾ per cent. Long maturity is another factor operating against their purchase by the banks. Smaller banks find it more profitable to invest in bankers' acceptances at the ruling rate of six per cent.

Because of the advance in clock time by one hour under the daylight saving act in New York State the advance has been halfway met by the San Francisco Stock and Bond Exchange, which now begins its morning session at 10 instead of 10:30.

CONVENTION DATES

National Foreign Trade Council—At San Francisco, May 12-15.
California—At Tahoe Tavern, June 10-12.
Nevada—At Tahoe Tavern, jointly with California, June 10-12.
Oregon—At Eugene, June 15-16.
Washington—At Seattle, June 18-19.

CAPITAL INCREASE UTAH STATE NATIONAL

Plans to increase its capital stock to $1,000,000 were made by stockholders of the Utah State National Bank of Salt Lake City several months ago, but did not become effective until March 5. The new stock was sold at $200 per share.

GUARANTY BANK OF LOS ANGELES ELECTS NEW OFFICER

James Stuart, in charge of the real estate department of the Guaranty Trust and Savings Bank of Los Angeles has been elected assistant trust officer. Mr. Stuart came to California from Ohio in 1908 and has been with the bank since 1916. Prior to joining the bank, he was vice-president of the Southwest Land Company, taking a very active part in placing on the market some of the best known residential tracts in the city.



JAMES STUART
Manager Real Estate Department Guaranty Trust and Savings Bank, Los Angeles, Cal.

A. W. LINDSAY

A. W. Lindsay was recently chosen president of the Union Park Bank of Spokane, filling the vacancy caused by the death of

H. M. Strathern. Mr. Lindsay will, however, retain his other position, that of vice-president of the Fidelity National Bank of Spokane.

CONDITION OF OREGON BANKS

On February 28, 1920, there were 184 state, savings, private and foreign banks and trust companies and 90 national banks in the State of Oregon. The total deposits of all the banks in the state amounted to $278,632,787.87; the banks of Portland alone can account for $149,029,944.69 of this total.

FOUR CALIFORNIA BANKS CONSOLIDATE

Approval of the State Banking Department has been given to the consolidation of the Lompoc Valley Bank and Lompoc Valley Savings Bank, of Lompoc; the Commercial and Savings Bank of Carpinteria, and the Commercial Trust and Savings Bank of Santa Barbara, under the name of the latter. By the terms of the merger the Santa Barbara institution comes into a capital of $757,500 and a surplus of $224,500.

W. W. CROCKER

William H. Crocker, president of the Crocker National Bank of San Francisco, announces the appointment of his son, W. W. Crocker, to a vice-presidency of the bank. During the World War it was *Captain* W. W. Crocker.

C. J. SHEPHERD

C. J. Shepherd has been chosen manager and chairman of the board of directors of the Los Angeles branch of the Federal Reserve Bank of San Francisco.

NEW BANK OPENS IN CHANDLER, ARIZONA

According to the "Chandler Arizonian," the First National Bank of Chandler is now open for business in one of the most up-to-date banking rooms in the state. Lescher and Kibbey of Phoenix were the architects. The guiding spirit of the new bank is the cashier, P. M. James, formerly cashier of the Bank of Chandler.

CELEBRATES THIRTY-SECOND ANNIVERSARY

April 2, 1920, the McMinnville National Bank of McMinnville, Oregon, entered upon its thirty-third year with an invested capital of $174,675, deposits of $1,098,367 and total resources of $1,348,042. As indicative of its splendid growth through the years, it is interesting to note that the original capitalization was only $50,000 and the first published statement showed deposits of $5,549.

1919 PROSPEROUS YEAR FOR WASHINGTON BANK

According to the thirteenth annual report of Louis H. Moore, bank commissioner for the State of Washington, the combined resources of all the state and national banking institutions under his supervision have passed the half-million mark for the first time in the history of the state. Mr. Moore's report to his governor, the Hon. Louis F. Hart, is a most comprehensive one, deserving of lengthier comment than is possible here.

The Bank of Hawaii, Ltd.
HONOLULU, HAWAII
Cable Address, "Bankoh"
Capital, Surplus and Undivided Profits $1,686,000
Total Resources 11,094,000
C. H. Cooke, Pres.
E. D. Tenney, Vice-Pres.
Roxor Damon, Cashier.
Encashment of Letters of Credit through close connections on each Island, collections promptly executed.

Bank of Bishop & Co., Limited
Established 1858
HONOLULU, T. H.
Cable Address, "Snomad"
Capital and Surplus.....$1,733,590
OLDEST AND LARGEST BANK IN THE ISLANDS. COMPLETE AROUND THE ISLANDS COLLECTION SERVICE. PROMPT REMITTANCES.

HE SCORES ONE ON WIFE

Wife (at breakfast)—"Could I have a little money for shopping to-day, dear?"

Husband—"Certainly. Would you rather have an old five or a new one?"

Wife—"A new one, of course."

Husband—"Here's the one—and I'm four dollars to the good!"

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Canada

ECONOMIC CONDITIONS IN CANADA

By J. W. Tyson

WARNINGS to business to shorten sail and clear the decks of commercial and industrial craft in preparation against financial squalls, which featured the addresses of a number of leading Canadian bankers at the annual meetings of their institutions in commenting upon the reports for 1919 and the outlook for the future, have been followed by some more recent indications of a tightening tendency in regard to commercial loans. There seems to be general agreement on the part of the banking fraternity with the views of William Moffatt, general manager of the Imperial Bank of Canada, expressed in the "Financial Post" of March 20:

"The time is coming when customers will want all the loose money they can lay their hands on. Whether that will be in six months or two years I do not know; that would be a fortune to the man who could say. Business men should keep their assets as liquid as possible. If their profits are all going into buildings and equipment they will find it difficult to finance their affairs when the inevitable break comes. Every business should try to keep independent of the banks at this period."

When the Government statement of the affairs of the chartered banks as of the first of March is analyzed it is not difficult to discover some ground for apprehension on the part of the bankers, particularly when there is a growing feeling in the business community that the peak of the price movement is at hand, if in fact it has not been reached, and that there must be a more or less gradual decline in the future. Should this readjustment be attended by any violent reaction it is not hard to imagine that manufacturers and merchants with large stocks of high-priced goods or materials would be in an awkward position. On the other hand, there is the almost insurmountable economic argument of the actual shortage of goods in relation to demand and the contention that there cannot be any market decline until production overtakes consumption here, however, enters the question as to the relationship of inflation to the present buying power.

Taking the bank statement referred to we find that total assets of the chartered institutions during the year increased by more than $350,000,000, of which about $170,000,000 was represented by savings deposits and $130,000,000 by demand and foreign deposits. Current loans expanded during the twelve months by nearly $162,000,000 to a total of $1,257,000,000. Call loans abroad and current loans abroad as well as current loans in Canada were also substantially larger. The following summary indicates the banking situation:

	1920	Increases in year
Canadian current	$1,257,000,000	$162,000,000
Canadian call	127,000,000	48,000,000
Foreign current	180,000,000	50,000,000
Foreign call	184,000,000	28,000,000
Total	1,748,000,000	288,000,000
Total assets	2,932,000,000	357,000,000

While there has been some reactionary tendency in the prices of meats and some other agricultural products, there is little indication so far as manufactured goods are concerned that a decline is imminent. Advances are still general in many markets. The theory has been voiced to the writer by former Food Controller Thompson that a break is almost certain to come in foodstuffs when the present period of the fixed price for wheat expires. This he believes would mean a general readjustment of the cost of living as other foodstuffs would find the wheat level. Whether it will require lower living costs to reduce the cost of production of manufactured goods remains to be seen. The wheat-basis argument is that the present price in North America is abnormally high and not warranted by world markets with the result that domestic consumers are being forced to pay an artificial price. If, as claimed, there is a surplus of wheat in the country there may be something in the nature of a crisis when the new crop comes in.

The fact that there have been two advances in price on Victory bonds since the placing of the embargo against the liquidation of Canadian securities by British hold-

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ers seeking to take advantage of the exchange situation, may be advanced as justification for the course adopted. However, these advances are not nearly so great as the reductions forced by the depression prior to the imposition of the restrictions referred to. Many financiers contend that the end does not justify the means and that the restricting of foreign selling merely postpones the day of reckoning and that it would have been better business for Canada to liquidate her debts at the discounts provided by the exchange.

So far as the enforcement of an embargo against the importation of luxuries from the United States is concerned, there has been nothing more since the first announcement that such steps would be considered as a comparison measure to the restrictions on the liquidation of securities. It is to be seriously doubted if the Government could ever successfully enforce such a regulation. Retaliatory measures would be only natural under the circumstances. Broadminded business men and financiers in Canada, looking to those closer relations with the United States which should prove to the mutual advantage of both countries in the next few years, believe that such a step would be a very short-sighted one. In any event the improvement in exchange rates is no doubt an important factor in the whole situation.

THE EXCHANGE RATE

While it is of course generally recognized in banking and business circles that there is no way of "beating" exchange—that exchange is the reflection of economic laws which must be observed—it is interesting to consider some of the methods being adopted by American exporters to retain their Canadian trade and to finance to the best advantage.

A large Montreal distributing house recently sent to its customers through Canada a list of about forty large American manufacturing firms that had agreed to accept Canadian money at par in payment for their goods. Many American exporters have opened Canadian bank accounts and are investing their accumulating balances in Canadian Victory bonds and other securities. Their Canadian funds will be earning six per cent. interest for them until the exchange situation improves when they can be taken home without appreciable loss.

There are four distinct plans adopted by American exporters in offsetting exchange rates. The first, as explained, is to accept Canadian money at par.

A second way widely adopted by many United States firms with trade connections in Canada is to divide the loss with the Canadian manufacture—to "split the difference." This is accomplished by having Canadian bills paid in Canadian money, plus a percentage equal to half the prevailing rate of exchange.

A third way is to set a fixed rate of exchange, at which all bills are to be paid regardless of daily fluctuations in the rate. The usual fixed rate is five per cent. When the current rate is fifteen per cent. the Canadian importer benefits to the extent of ten per cent. When the rate is ten per cent. he benefits to the extent of five per cent., etc.

Some American firms have adopted a fourth method of dealing with the exchange rate. They allow an exemption of five per cent. on the current rate of exchange. If the rate is fifteen per cent. they charge but ten. If the rate is ten per cent. they charge only five per cent. This method is similar to the previous one described, with the exception that the position of the two parties to the deal is reversed.

STERLING BANK HAS PROFIT-SHARING PLAN

Announcement is made by the Sterling Bank of Canada (head office Toronto) of the creation of a profit-sharing plan in the interests of its bonded employees. As each man's salary increases he will come in for a larger pro rata share of the dividends that are to be declared every six months according to the bank's net earnings.

STANDARD BANK DECLARES A DIVIDEND

On and after the first day of May, shareholders of record in the Standard Bank of Canada (head office Toronto) will receive a quarterly dividend of 3½ per cent., being at the rate of fourteen per cent. per annum upon the paid-up capital stock.

NATIONAL TRUST COMPANY, LTD., ENJOYS PROSPEROUS YEAR

"It is gratifying to be able to tell the shareholders that 1919 was the best year in the history of the company." So reads the annual report of General Manager W. E. Rundle, National Trust Company, Ltd. (head office Toronto). The company has assets of $88,941,252.

UNION BANK HOLDS FIFTY-FIFTH ANNUAL MEETING

To report fully the proceedings of its annual meeting, the Union Bank of Canada (head office Winnipeg) has published a handsome brochure of 170 pages. The work is beautifully illustrated throughout with portraits of the executives and photographs of its branch offices. During the past year eighty-nine branches and agencies were opened throughout the Dominion. The financial statement shows total assets of $174,989,057.

THE CANADIAN BANK OF COMMERCE

The fifty-third annual meeting of the shareholders of the Canadian Bank of Commerce was held in Toronto on January 13, 1920, but the 200-page report of the proceedings has just been received. This sound old bank has a paid-up capital of $15,000,000 and a rest fund of $15,000,000.

BANK OF TORONTO

The Bank of Toronto has opened a branch at Carbon, Alta., under the management of J. L. Thompson, formerly of Vancouver branch.

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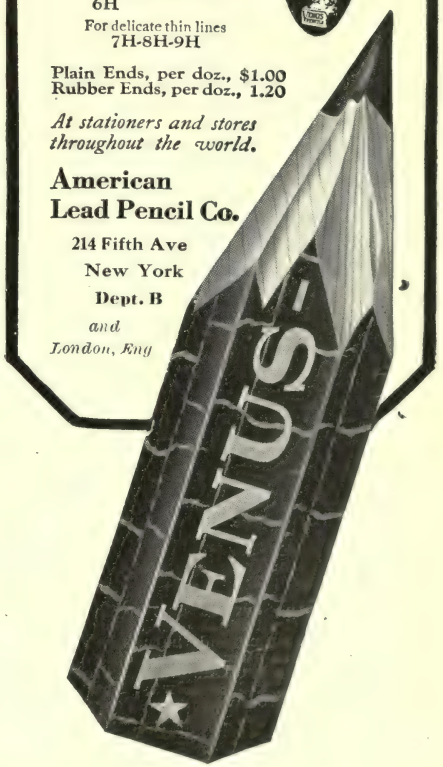
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Boys Conduct Bank in St. Joseph School

ORIGINALLY the teachers of the Jackson School, St. Joseph, Mo., had the responsibility for the sales of Thrift Stamps sold to the pupils. It meant a great deal of record-keeping and some confusion owing to the number of people that had to do with the sales. Now the Bartlett Trust Co. of that city, with Mr. M. B. Morton supervising the work, watches this work.

One boy of the eighth grade was elected cashier of the school bank. He has an assistant; and an old schoolroom desk with bulletin board beside it were placed on the first floor, handy to the pupils. The Bartlett Trust Co. advanced the stamps to the school bank and for one-half hour each week business is done with a waiting line. Under the guidance of the arithmetic teacher of the school and Mr. Morton the cashier and assistant keep a set of books. These are checked to catch any errors and the boys are encouraged to consult the bank as to any details on which they wish enlightenment.

Having a bank of their own and doing business in a business-like manner has been an inspiration to the pupils and an education in banking methods. A banker can bring a great many interesting and helpful messages to school children if he will but take the time and give the matter thought.



Statement of the ownership, management, circulation, etc., required by the Act of Congress of August 24, 1912, of The Bankers Magazine, published monthly at New York, N. Y., for April 1, 1920.

State of New York, County of New York. Before me, a notary public in and for the State and County aforesaid, personally appeared J. R. Duffield, who having been duly sworn according to law, deposes and says that he is the business manager of The Bankers Magazine and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Bankers Publishing Co., 253 Broadway, New York; editor, E. H. Youngman, 253 Broadway, New York; managing editor, E. H. Youngman, 253 Broadway, New York: business manager, J. R. Duffield, 253 Broadway, New York.

2. That the owners are: (Give names and addresses of individual owners, or, if a corporation, give its name and the names and addresses of stockholders owning or holding one per cent. or more of the total amount of stock.) Bankers Publishing Co., 253 Broadway, New York; W. C. Warren, 253 Broadway, New York; W. H. Butt, 253 Broadway, New York; E. H. Youngman, 253 Broadway, New York; J. R. Duffield, 253 Broadway, New York; K. F. Warren, 253 Broadway, New York.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent. or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholders or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions, under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is..... (This information is required from daily publications only.)

J. R. DUFFIELD.

Sworn to and subscribed before me this 30th day of March, 1920.

HENRY G. FRITSCHE,
Notary Public.

My Commission expires March, 30, 1922.

THE
BANKERS MAGAZINE
ELMER H. YOUNGMAN, Editor
SEVENTY-FOURTH YEAR MAY 1920 VOLUME C, NO. 5

The Crisis in Japan

FOR some time it has been a matter of interesting speculation as to where the expected financial crisis would first manifest itself. Probably the shock was most looked for in some of the countries that experienced very great suffering on account of the war, such as Belgium, France and Italy—not to mention others. The two countries that were, presumably, least likely to be first visited by a financial or commercial crisis were the United States and Japan. And yet it is in the latter country that quite serious financial and commercial troubles have recently developed. Both the United States and Japan suffered far less on account of the war than several of the European countries, and indeed throughout the war Japan was somewhat in the position of the United States before this country became involved in the conflict; that is, there was an opportunity of making considerable profit because of the war. When the United States became a partner in the conflict, the war grew to be a source of serious outgo, as our large national debt shows. Japan was, geographically, remote from the main theater of events during the war, and her troops did not, until the military operations against certain elements in Russia caused a shifting of the scene, take much part in the actual fighting. This is not said with any view toward minimizing the part which Japan took in the war. But it is an interesting fact that a crisis should develop in that country where the losses due to war were probably more than offset by the gains realized. It would seem to prove that nations can withstand adversity better than prosperity, which is the case with very many individuals.

In Japan, as elsewhere, the war has created a false prosperity, and it was to be expected that this would lead to speculation containing dangerous possibilities. The United States has gone through an experience widely differing in essentials from that of Japan, though thus far we have escaped the crisis.

The financial and banking system of Japan, under the leadership of the Bank of Japan, is strong and conservative, and an early and favorable adjustment of the situation may be hoped for under the wise precautions already taken.

Sliding Rates of Discount at the Federal Reserve Banks

BY a recent amendment of the Federal Reserve Act, the Federal Reserve Board is authorized to charge an advancing rate of discount to member banks, in proportion to the amount of their loans. It is stated that the real object of the amendment is to enable the board to deal with those banks that are heavy borrowers, without putting an unnecessary penalty upon the banks which make but slight use of the rediscount privilege. Incidentally it is expected that the new regulation will tend to check inflation, as the progressively higher rate according to the amount borrowed will make the credit that much more costly to the rediscounting member.

It was thought better to place in the hands of the Federal Reserve Banks this power to employ a sliding scale of rediscounts than to refuse applications for credit altogether—thus putting into practice the well-known maxim of making money always available to those willing to pay the price.

This is one of several steps recently taken to make credit just a little more difficult to obtain than heretofore. Could one be assured that these growing restrictions of credit would bear most heavily upon those industries whose products are least necessary, or upon purely speculative operations, the results of the restrictive policy might be viewed with complacency; but whether the credit mill has been so adjusted as to winnow out the chaff and leave the wheat, is doubtful. However, the possession of this discretionary power by the Federal Reserve Banks more completely equips them for wisely conserving the use of the country's great reservoir of credit.

Freak Attempts to Reduce the High Cost of Living

IT is an easily demonstrable trait of human kind to rush to extremes. This propensity receives fresh illustration in the freak attempts to cut down the high cost of living. The business man who has been dining at the Costmore Hotel, suddenly discovers that the way to bring down the cost of living is to carry his luncheon to the office in a tin pail. Women who have been wearing heavy furs in the heated season vow that they will get even with the profiteers in feminine apparel by donning the ginghams of their grandmothers' days; and so on.

Now, those who thus suddenly resolve at once to cut down the

cost of living may have the right idea, but they are making a most unwise and dangerous application of it. Carried to its conclusion, this process would mean that people would reduce their diet to the least possible minimum, that they would wear the cheapest clothing, and that they would buy nothing not absolutely necessary. Should this policy be immediately put in practice by one hundred and ten millions of people, we should soon witness an industrial and commercial crisis the like of which the world has never seen. Our whole business fabric, which is founded and sustained upon the basis of the production, exchange and consumption of a vast amount of goods of different kinds, would be shattered if not entirely destroyed.

If THE BANKERS MAGAZINE might venture to give any advice upon this subject, it would be simply this: that the people have no reason to curtail their standard of living or suddenly to cut off all luxuries, but that they should, in view of the high cost of many things and the scarcity of goods, be just a little more prudent than usual in making expenditures, and that they should try a little harder than ever to save a good part of their income. There may be no profound economic wisdom in this simple suggestion, and yet if put in practice it will greatly help in carrying us through the very dangerous situation which now exists. Extravagant buying is no doubt justly chargeable with much of the responsibility for the existing state of things, but any sudden stoppage of buying, such as that which the various freak movements contemplate, would result in a serious shock to the industrial and commercial machinery of the country, and ought to be avoided.



The Country Bankers' Case Against the Federal Reserve Bank

ONE reading the arguments in opposition to the removal of this celebrated action from the state to the Federal Court is strongly reminded of the historical controversy between the state banks and the Second Bank of the United States. It will be found interesting to quote the opening remarks of Alex W. Smith, general counsel for the country banks:

"May it please your Honor, I trust you will indulge me in one or two prefatory remarks before I begin a discussion of the technical questions of law involved in this case. No judge in the service of Georgia, in all her history, certainly since the days of reconstruction, has been called upon to decide any more important question than is now before your Honor. In the realm of economics and

finance, the effort of the Federal Reserve System to coerce state banks throughout the United States is as bald an attempt to override local self-government of the states of this Union as was the sectional effort of the bloody shirt forces to override the political freedom of the states of the Confederacy during the reconstruction period. It is a more insidious and dangerous condition than existed with the bloody shirt forces, for they are undertaking to camouflage it under cover of a charter right to do business as a centralized institution that the government created for purposes entirely foreign to anything they are now attempting to do under it."

You may find these statements paralleled in many of the utterances against the Second Bank of the United States. And, curiously enough, the opposition in both cases arose in about the same place and the grounds of complaint were strikingly similar in the campaign against the earlier Federal bank. The Bank of the United States wanted the state banks to redeem their notes at par; the Federal Reserve Banks ask the state banks to pay their checks at par. Advices are to the effect that the court did not accept Mr. Smith's view of the case, and decided that an individual or a bank had a right to present checks at the counter of a drawee bank for payment—to present not only one check but any number of checks; and this is about all the Federal Reserve Banks have proposed to do. That is, if drawee banks did not choose to remit at par for checks drawn against them, the checks could be presented for payment at the counters of the drawee banks. This was about all there was to the alleged attempt of the Federal Reserve Banks "to override local self-government."

As the discount on bank notes disappeared soon after the inauguration of the national banking system, so the discount on checks is tending to disappear under the operations of the Federal Reserve system. While country banks may feel considerable resentment over the loss of exchange, it is believed that in the long run they will experience greater prosperity than ever before as the wider availability of the checks drawn against them tends to compensate for this loss.

While in this preliminary legal skirmish the country banks were beaten, the Federal Reserve Banks will scarcely be allowed to escape further litigation on this question. They would do well to bear in mind that in the controversy with the Bank of the United States the country banks helped to bring about the downfall of that powerful institution. It does not seem likely though that the Federal Reserve system can be successfully attacked merely because the Federal Reserve Banks insist that a bank shall pay in full a check drawn against it. But in the following resolution, adopted by an assembly of national and state bankers at New Orleans, warnings of other more serious grounds of dissatisfaction may be found:

"Whereas, for many years there was great agitation and grave concern manifested through the country over the alleged concentration of financial power in the hands of a few men in Wall Street—the so-called 'Money Trust'—and,

"Whereas, the Federal Reserve system was held out as the cure for this unhealthy concentration of power, by dividing such financial power and control into twelve widely separated banks in different sections, and in the hands of twelve responsible boards of directors, where such power would be readily responsive to the varying mutations of the public needs and opinion.

"Therefore be it resolved, That Congress be further called upon to investigate the concentration of power in the hands of the Federal Reserve Board to a greater degree, and in the hands of fewer men, than could ever have been the case under the old regime, and how and to what extent this power has been usurped and used."

Whether the real or fancied "money trust" is financial with its center in "Wall Street," or political with its center at Washington, it is likely to arouse very serious hostility. The financial history of the country amply proves this assertion. Of course, under the Federal Reserve Act we have such a concentration of banking power as was never witnessed before. The first and second Banks of the United States were as nothing in comparison. Even if this great power is used with moderation, its vastness alone will provoke attacks, though these may not amount to much if the Federal Reserve Board is able to steer a wise course.

The banks that are fighting to maintain the privilege of making an exchange charge may find in time more than ample compensation for what they have lost, and thus disarm them of the opposition they have shown in this matter.

Getting Rid of the Sub-Treasuries

UNDER a bill which has been agreed on by a conference committee representing the House and Senate, the United States sub-Treasuries are to be abolished. These time-honored institutions came into existence partly with a view to bringing about a cessation of what was then regarded as an unholy alliance between the banks and the Government, and partly because in the early days of state banking a deposit in many of the banks of the time was not always available when wanted. In fact, some of the Governments funds so deposited have become fixed deposits. Under such conditions the Government not very illogically concluded that the surest way to have its money when wanted was to keep it in its own vaults. With the improvement in the state banking systems and

the adoption of the national banking system, these precautions were no longer necessary, and the Government came in time to make a quite liberal use of the banks as depositors; but seemingly the memories of its unfortunate experiences were never wholly obliterated, for unusual care was taken to exact adequate collateral security of the banks into whose hands was given the custody of the public funds.

The establishment of the Federal Reserve Banks gave the Government an additional fiscal instrumentality and rendered the sub-Treasuries still less useful. As their abolition will result in an annual saving of a considerable sum, no particular regret need be felt that they are to disappear as a part of the country's financial mechanism.

Diversions of the Coming Campaign

IN former years a Presidential campaign was looked on as certain to exercise a disturbing effect upon business. Perhaps this fear was mostly imaginary, though it may have had some real basis. This was certainly true in the two campaigns in 1896 and 1900 fought on the money question, and even in those campaigns where the tariff was the issue, manufacturers were no doubt justified in being somewhat apprehensive as to the effect upon their business which would follow a radical revision of schedules. But these former dangers have disappeared—altogether as regards the money question, and largely as relates to the tariff. Indeed, the real difference between the two leading parties to-day is not easy to discover. President Wilson stands for his own simon pure brand of League of Nations, but plenty of other Democrats are quite willing to have it amended in accordance with the views of Mr. Lodge and his Republican associates in the Senate. It may be that as the campaign of 1920 progresses, sharper differences between the two parties will develop than are now easily discernible. Few keen observers of the political trend would be surprised if a split would occur which would rend the two old parties in twain, under a new leadership that would have as far-reaching an influence as did the Progressive defection under Roosevelt's leadership in 1912.

Whatever may happen after the Republican and Democratic conventions, we are sure to witness a most exciting campaign whose mental exhilaration should exercise a most beneficial influence in clearing the public mind of some of the fogs by which it is now obscured. The joy of battle should prove refreshing. It will be fortunate, after the contest is over, if the result is decisive of whatever issues may be sharply defined in the campaign. For a good many months the country has been in a state of grouchiness which

does not augur well for our future prosperity and happiness. That surprising degree of unanimity which was manifest during the war has been succeeded by a period of contention and strife when everybody looks upon the other fellow as being in the wrong and hardly less than a public enemy. We need to get over this grouchy disposition, and to take a more hopeful view of things in general, even to the point of conceding that the man who does not have that high conception of things which we ourselves hold may not necessarily be a fool or a bad citizen.

Let us hope that the square, old-fashioned political fight which is to take place in the next few months may clear the atmosphere, and put us all in a better humor for the serious duties which lie ahead of us.



The Next Bankers' Convention

AS the next annual convention of the American Bankers Association will be held in Washington, and since international banking and financial relations are now of very great interest on both sides of the Atlantic, the question arises as to whether it would not be appropriate to give the convention at least a semi-international aspect. Of course, a convention of this sort has no official status, but nevertheless it affords an excellent opportunity for the bankers to get together, and to exchange views and proposals. Just now international banking and financial relations are of the greatest importance and interest, and if it were possible to have a large attendance of bankers from various parts of the world, the convention at Washington next fall would take on an exceptionally interesting character. It is believed that many bankers from Europe and other countries, notably those of Central and South America, would readily accept an invitation to attend the convention if tendered far enough in advance by the proper authorities.

Some dissatisfaction has been shown because the United States seemed disinclined to participate in the international financial conference to be held in Brussels, this spring, and it might tend to relieve this feeling if prominent foreign bankers were invited to meet American bankers in their annual convention, especially if the programme of the convention were arranged with reference to present international banking and foreign trade problems.



Americanization

The Opportunity and Duty of Savings Bank Employees

By Adeline Evans Leiser

Of the Williamsburgh Savings Bank of Brooklyn. N. Y.

ONE of the many surprising things that we Americans learned about ourselves as a result of the World War crisis was the fact that great numbers of foreigners who had come to our land and been assimilated within our population were NOT, as we had been prone to think they were, absorbing the ideals of real AMERICANISM.

This was evidenced in two pronounced ways: by the fact that their loyalty to the land of their adoption in so many instances was doubtful, and by the alarming proportion of illiteracy which was revealed among men of the draft age.

The big men and women of the country, after they had recovered from the shock of this discovery, immediately asked the typically American question, "Well, what are we going to DO about it?"—and out of this query and introspection came the Americanization Movement.

OUR LACK OF INTEREST IN THE FOREIGNER

In giving serious thought to the matter, it had to be admitted that a great deal of this lack of loyalty on the part of the foreign-born was due to the way in which they had been treated after arriving here. Either the indifference or intolerance of the average American to them had had serious results.

To quote Secretary Franklin K. Lane, "We have thought it was enough to say, 'This is a land of freedom and equal opportunity' without teaching what these terms meant."

It had not occurred to many of us that it was any part of OUR obligations as Americans to teach foreigners anything about our institutions or what the United States of America really stood for, and we had evidently been laboring under the misapprehension that, in due course of time, they would become Americans by merely being here and dwelling among us.

This attitude was just about as sensible as giving a man a text-book of a language entirely strange to him, and without the aid of a key of any kind, expecting that if he LOOKED at it long enough he would become the master of it.

Without arguing for or against the desirability of the alien's presence in our country, the fact remains that he is HERE and even when glaringly objectionable it seems to be a difficult thing to eject him, so since he HAS to be our neighbor, we might better try to adjust ourselves to him, or rather induce him to adjust his habits to our ways.

HOW THE WORK IS TO BE DONE

I dare say that if it were possible for us to create a huge fund that would provide the means for having this work done automatically, we would all gladly subscribe liberally to it and consider the money well spent. But, alas, it can not be done that way!

As Mrs. Partington once said, "There's such a lot of HUMAN NATURE in people" that when it comes to dealing with the intimate problems of altering their viewpoints and changing their preconceived opinions, it takes more than dollars and cents to do it. Along with these basic essentials, it takes those things which are seemingly harder to give—time, tact, patience, sympathy—and what is most necessary of all, a staunch belief in what you are trying to propagate, AMERICANISM.

Also to only a certain limited extent can the work be done in group formations; it is the individual touch that counts for more than all else, in this, as in every betterment movement.

Just so long as we continue to treat

foreigners as "herds," just so long are they going to continue to retain the characteristics of blindly driven cattle.

As we come in contact with them individually the first thing that is apparent to us is that they are NOT Americans, and we are conscious of our own proud heritage in nationality by contrast. But while we can be proud of being Americans, and ought to radiate our pride so as to awaken a desire in the hearts of the foreigner to be such as we in this respect, we need not be so vain of our virtues that we become blinded to the possibility of their having any of their own.

FOREIGN-BORN KNOW HOW TO SAVE

If there is one thing that the average foreigner can teach most Americans it is the "gentle art of saving money"—observe I did not say THRIFT, necessarily, for if it be by lowering standards of living to accomplish this saving, we do not consider they are adding to the real wealth of the community and do not wish to emulate them.

But we DO believe that the saving of SOME money is the DUTY of EVERY citizen, and since the creation of capital starts, ordinarily, from very small beginnings, the savings bank is the primary school of finance, while there are some who are slow in growing out of the foolish habit of hiding their savings in old socks, unused stoves, or under mattresses, many who are impressed with the sense of security suggested by the imposing buildings of our savings banks do seek them as their depositories.

It is the duty, then, and the privilege, of every savings bank employee to inspire at this start CONFIDENCE in our banking systems. From the way a foreigner is treated by the first man he has banking dealings with he is apt to judge all the others in the banking business.

OVERCOMING THE HANDICAP OF ILLITERACY

The handicap of illiteracy still hinders some in the banks which require the signature of a depositor in order to open an account. That this is so is regrettable, for it discourages where it ought to encourage, and often sends would-be-savings bank depositors to private banks run by men of their own race who may be neither competent nor trustworthy; whereas, by the use of the finger-print system, their precious savings could be placed in absolute safety under the careful supervision of the state law.



ADELINE EVANS LEISER
Williamsburgh Savings Bank, Brooklyn, N. Y.

Tellers when dealing with these "finger printers" can do much in the way of tactfully suggesting the ease with which one can learn to write his name in our free evening schools, and after they have learned the fascinating process of writing their own names, greater accomplishments are easy to foresee.

They are often so shy or so reluctant to admit their ignorance that it is hard to get them started; but pointing out the need, and its easy solution, when it is most vital to them in a business transaction, will have its effect.

Often, though, when the foreigner comes to us with his broken English, if English at all, we are inclined to wish he wouldn't bother us with his affairs when we are so busy with our own. Or else we may be in a mood where we find only amusement at him for his, to us, queer ways, forgetting that ours are just as queer to him; and either reception is bound to leave him with a puzzled, strange idea of us.

Take, as a typical instance, the case of a suave and merry son of Italy who comes to a bank and desires to open an account. To him this is such an auspicious occasion that he feels called upon to parade all his christening appellations, and when asked his full name proudly recites, "Joseph Michael Angelo Pattroni" with all the dignity of a reigning prince of the royal house of his native land, and as a matter of form his records are made out accordingly.

Some time later he finds work in a big manufacturing plant where time is precious and payrolls simplified as much as possible. Since his sunny disposition and general good nature are not lost on his associates, he is often known to all from paymaster down as "Good Old Joe" or "Joey, the Wap," and officially as "Joe Pattroni."

A bonus is declared by the company and he is given a check drawn to the order of "Joe Pattroni" as his share. It may be his first check, and he does not know exactly what to do with it; but he feels sure the bank will, and decides to add it to his savings.

He arrives at the bank, with his book, and confidently hands the check to the teller, beaming as he does so, and eager to tell all about this "prize money" to the teller if he would only listen; but instead, he gives it back to him saying curtly, "We can't take this check—it isn't made out to the same person who owns the book."

Joe looks up astonished. Not the same person! Why, of course, he's the same person! Doesn't everybody at the plant know him to be the owner of that bank book? In the mind of the simple soul the obviousness of it is so real he can not understand how any one could doubt it.

Meanwhile the line of depositors lengthens, and the floor man comes to the rescue, telling Joe he will have to see one of the officers about it, and ushers him inside.

(Too often these interior doors close with a clang of prison-like finality that oppresses the stranger, and fills him with forebodings as to whether he is ever going to get out again!)

But, happily, Joe is able to convince the officer that he IS the one and same party, and he goes out to try his luck again; but if there have been many transactions during his absence, the teller more than likely does not recognize him until he offers the check again.

Reassured by the treatment received at the hands of the man of authority inside he remarks, "Da Boss he say 's all right."

Then if the teller happens to be cross he impatiently hands the check back, thinking Joe refers to the man who had given him the check in the first instance, and growls, "Your Boss has nothing to do with the rules of this bank."

Joe struggles a moment and then adds, "Da BIG a da Boss—da ole man inside wid da bald head (they do so love irrelevant details) da man whot OWNS da bank, HE say 's all right."

The other clerks overhearing this conversation would probably see the humor of the thought that the man inside "owned" the bank, and might laugh in the face of the poor Italian, adding to his dismay.

Now this was the psychological moment in which to explain to his befuddled mind the fact that no one man "owned" the bank; that HE owned it as much as any one else who was a depositor; and also the necessity of always using the same identical form of his name when doing banking business. Then, instead of his being more confused with each experience, he would

become better acquainted with our methods of doing business.

Of course, out of many years' experience I can just imagine the average bank clerk, who has no special vision about his work, other than the mechanical process of keeping the books, "balancing early," etc., protesting against "holding up the line" to explain banking theories to any Joe or Stanislaus or Tony, as the case might be; but what better moment is there in which to teach him fundamental principles than when in the midst of a transaction of his own?

It takes only a word or two politely and seriously given, and there is always time enough for that. If there isn't, what is it going to profit a bank if it builds up enormous deposits, placed there by ignorant people, who, in their ignorance, will be just as quick to run and take their money OUT if any rumor of unsafety is spread among them? More intelligent depositors are worth more to a bank in every particular.

During the big rush periods around the first of January and July, of course, it would be most impractical to stop and chat with any set of depositors; but there are many other times during the rest of the year when each employee can conduct a little Americanization Movement of his own.

A HOME ECONOMIC BUREAU

The IDEAL solution, of course, has been found by those large savings banks in the West and in our own state who have instituted a special department to take care of this work along with other service functions.

They are usually called "Home Economic Bureaus" and are placed out on the banking floor under the supervision of women trained for this special work.

In addition to supplying all information desired about the regulations of the bank, advice is given on household budgets, ways of saving, advantageous shopping tips, etc., and any out-of-the-ordinary transactions can be immediately turned over to them to be taken care of without clogging the wheels of progress in regular channels or delaying other customers.

But lacking such a bureau, each employee ought to grasp the opportunity to help in this important work of Americanization, first by being thoroughly well informed on banking matters, and then by personifying to embryo Americans all the really splendid principles on which our banking institutions are founded.

Especially true is this of our mutual savings banks which were created by public-spirited men, with the idea of SERVICE only, and have neither the nature of a philanthropy nor a business solely for profit, but are mutual organizations, with the depositors depending upon the bank and the bank upon the depositors in coöperation to the lasting benefit of both, and ought to be conducted in just such a spirit with just such a lofty purpose.

The Personnel Department

Schooling the New Co-Worker in the Policy of the Bank—Making Him Fitted for the Job Before He Actually Usurps It

By Harry T. Jones

YOU may have experienced at some time in your life instances of discourtesy on the part of salesmen in stores or at railway and theater ticket offices. If so, the effect of them has been to discourage your patronage of these institutions in the future. So it is with those who are not courteously treated at the bank.

Suppose we take the case of a depositor at the paying teller's window as the depositor presents his check and the bills come sliding out of the window, he finds that they are of too large denomination to suit his purpose. He asks the teller, "May I have fives instead of these tens?" And the reply comes as the teller grabs the bills, "Why don't you say what you want?" And Mr. Depositor goes on his way with anything but a favorable impression of banks, bankers and bank clerks.

INSTILLING THE VALUE OF COURTESY IN THE MINDS OF EMPLOYEES

When an applicant is hired, he should be immediately taken upon a tour of the bank, and the first thing that should be brought to his attention is a large size sign which reads:

COURTESY — OUR BIGGEST MONEYMAKER — COSTS US— NOTHING.

What a wonderful opportunity here presents itself to cleanse the applicant's mind of former impressions and inculcate the policies of the bank into the embryo clerk's thinking!

Deliberate efforts should be made to draw out the opinion of the new co-worker as to his ideas on the value of the above sign and his ideas on the value of courtesy itself. It should be ascertained if your lesson is being absorbed as you wish it should be. In short, you want to be sure that your message is "getting across."

And as a climax to your protégé's lesson in reading the signs of the times, let him next gaze upon the following:

I AM A CO-WORKER HERE— JUST THE SAME AS YOU. I COULD NOT HOLD THE JOB IF I WERE NOT A DEALER IN COURTESY.

JOHN SMITH, *President.*

Let the message sink in. Then should the occasion present itself, let the new clerk hear and see that courtesy dealt out by the man who signed the above placard. An exhibition, if you will, of an object lesson in courtesy addressed to the very person whom the bank is anxious to see display it to others in the future.

In the further tour of the bank let the new clerk meet as many of his fellow-employees as possible. And as he sees courtesy in its highest form displayed by all clerks to each other, he will see something that will give him food for thought.

FUNDAMENTALS OF THE BANK'S POLICY

The bank's business policy is a written document consisting of four cornerstones: Justice, Coöperation, Energy and Economy, with Service as the capstone. As a foundation for the proper equilibrium of that capstone is Good Will. The bank believes that the customer must receive the first consideration, and proclaims that "service" is the most important word in the working language of the institution.

The bank is selling service in its broadest sense. In order that everyone

be enthusiastic in selling that service, it is essential that the bank in turn must have the good will of every employee so that the bank's product will be dispensed in a manner which will bring credit to its name.

CASE OF THE DISSATISFIED WORKER

Now we have devoted considerable time to the schooling of the new man in the bank. Does our schooling job end there? It does not. Let us devote some of our discussion to the old timers or those who constitute the regular staff.

Is everything as it should be? How about the dissatisfied worker? I mean the fellow who is continually "knocking" the bank, and who may or may not, as the case may be, breed ill will among the employees of the institution.

Has the bank been properly functioned in bringing to light cases of this kind, or has it eliminated their existence? Remember, Mr. Banker, one case of dissatisfaction, if not threshed out, can produce as much trouble to you as the soap-box orator is to mankind. He will always have listeners, be they willing or not. And what we are striving for is good will in the industry of banking—something that pays the largest dividends both to employer and employee.

A man has to merit peace of mind or satisfaction with his job. We have to win it—earn it—by becoming living and life-giving spirits of good will.

VALUE OF CO-OPERATIVE EFFORT

To-day a new era of understanding is dawning in places where groups of men toil together for the common good. Men have to work together. For economy and efficiency great bodies of workers have assembled in organizations (be it bank or otherwise) each doing his necessary part, each dependent upon the other for the total result. This interdependence is driving us to see that team work is necessary for the best results; that coöperative effort affords the surest and best means of attaining peace, prosperity and happiness.

Ill will has been tried in the balance and has been found wanting. Organized hate, suspicion and distrust lead only to disaster. Why should we longer delay to try the only way to victory? Have we not put it off long enough? Shall we wait another nineteen hundred years before taking the sane and simple way of organized love and confidence and fair dealing?

In this great world of industry, where men and women toil together for the enriching and ennobling of a common humanity, truth is vanquishing error, love is conquering hate, and confidence is winning over suspicion. Understanding is supplanting distrust, and thus it is dawning upon the minds of men that through good will may friendly relations be established between the employer and the employed.

Then why not teach these things to our co-workers? Why not let them know how the bank feels about these things? Why not explain it to them or have it explained by one who knows his subject thoroughly? Why not have the employee feel and know that his bank is an advocate of fair play and square dealing? And also that the bank expects a square deal from the worker, in return.

It is a sane way, and likewise simple—just a matter of psychology, Mr. Banker, and you will get results. If the policies of the bank be right; that is, if you, Mr. Banker, are broad-minded enough to back up your personnel director's idea of securing your co-workers' good will, then just as surely will you have a "happy family" in your bank, if those policies are properly presented to and understood by the workers in your institution.

Your workers in the bank must have a clear insight into the fundamentals concerning modern banking—the function of capital, what overhead costs are, the necessity of good management. They must be brought face to face, in understandable language, with the proper relation between capital and labor; that each is dependent upon the other, and that increased production is

the principal remedy for lowering the high cost of living.

It is just as vital for a bank, these days, to increase production as it is for a flour-mill, shoe factory or a steel plant.

The time has passed when you, Mr. Banker, can sit back and give no thought whatever to your employees. The hour of constructive and conservative action has struck, when right ideas must take the place of wrong ideas.

In line with this, it is the writer's opinion that we should have an outside man come into the bank once a month and give the co-workers a little talk. As a neutral, a disinterested friend, he can say things which, if said by you, would be denied, resented or misunderstood; things which should and must be accepted as truths.

Let us take the great basic truths of industrial wisdom and economics and reduce them to understandable terms, explain, illustrate, demonstrate and really teach them to our men and women in the bank. This seems a pretentious undertaking, but I am sure it would be received enthusiastically by the workers in every bank in the country. The idea of having a monthly meeting with an outside speaker is to stimulate and cultivate confidence in the management on the part of the workers, and vice versa. To create and foster a closer personal relationship between employer and employee, through allaying suspicion by stating facts. Surely no one will deny that this is among the greatest needs in industry to-day, and I class a bank to be in the industrial field as well as financial.

The speaker should show the importance and the relations of the individual to the organization, inspiring self-respect, encouraging excellence and giving dignity to the man and to his work.

The burden of monotony which attaches to the manual task is lightened by this monthly recess, while listening to a speaker whose message is an inspiration as well as a source of information, the truth of which will be considered and discussed for days to follow. The clerk returns to his task with lighter heart and finer spirit because he has been elevated, he has learned, he has been talked with as man to man. He is encouraged to think "white" instead of being a "knocker." His job means more. His employer and his bank mean more. He, himself, means more.

To dissipate the existing suspicion which many employees hold toward the employer is not an easy task in some instances, but it is being done every day and in some factory, mill, mine, shipyard, store or office. Then why not apply it to banks?

The clerk in the bank will be convinced that you, Mr. Banker, are anxious to "treat him white," and he will be enlightened to such an extent that the result will be surprising.

Making Friends for a Bank

A Department Devoted to the Customers' Personal Service

IN Dallas, Texas, the Security National Bank is known as the "bank of personal service." This isn't just a name; it's a real tradition that is kept alive by the active coöperation of the bank's new business department which is also its "old business" department and its department of personal service. Rupert Eldridge recently told how it works in *The Security News*:

When you enter the doors of the bank, you are immediately made to feel at home if this department has its way. Our officers and employers are at all times alert to the situation of giving to you a special service to meet your requirements. All of our officers are easy to approach, and we have two officials in the lobby at all times to assist customers in disposing of their business in the quickest and most satisfactory manner possible. We have experts in all lines, who specialize on the individual needs of the customers. In this way we have attained and we hope merited the reputation of "The Bank of Personal Service."

At times this bank has more than twenty receiving and paying windows and it is the duty of this department to see that all customers receive the prompt service to which they are entitled, and also to see that this service is given in a most pleasing and satisfactory manner. This is accomplished by working through the tellers who have a proper understanding of the fact that the success of the bank of which they are a part, depends very largely upon the service that they render.

In the department of personal service we try to place ourselves in the shoes of the customer and then visualize what we would want, expect or demand in the way of attention and service. We then try to see that the customer's wants are met as they appeal to us, promptly and courteously.

The Security National Bank has more than 42,000 individual depositors —more individual depositors than any other bank in the entire Southwest. It is the aim and ambition of this department to not only retain this number, but add continuously to the list. We are pleased to say that this we have been doing every day since the bank was organized ten years ago and the number increases daily. To help these 42,000 depositors, and to make their visit to the bank both pleasant and profitable, we are constantly studying their needs and their expectations, and then taking steps to meet them.

In the course of a day the department answers thousands of questions, for certainly a very small per cent. of persons could be expected to know all about a bank with resources of $35,000,000! It is a pleasure to answer these questions. While we give out information, we also receive information and inspiration for better service. By having our customers ask us questions we get an insight into the workings of the customer's mind; we learn what the customer wants and what he expects. This enables us to improve our service from day to day.

The customer who opens a new account with us is given a hearty welcome, regardless of the largeness or the smallness of the deposit made. We want the new customer to know that this is a department dedicated to his needs, established and maintained solely for his benefit. We try to impress this fact upon the minds of all new depositors. When we see the new depositor coming back week after week, or day after day, and when he comes to us to ask a question, or to compliment the service and attention he has received, we appreciate it and are glad that we have been able to sell the bank to that man or woman on the basis of service and friendship.

We realize that a pleased customer is the best advertisement, and that although we were to open several thousand new accounts today and lost

practically all of them tomorrow, we would have failed. We are therefore constantly doing our very best to render a service that is everlastingly pleasant, and we feel and know that every customer of the bank has brought to us his or her friends, thereby assisting us in making and keeping the Security National Bank the most popular bank in the Southwest.



A Financial Conference

By M. S. Eulambio

DESPITE the interval of one and one-half years since the armistice, peace conditions have not yet returned on the Continent. A state of war still exists between the United States and Germany, the Treaty of Versailles having been returned to the President by the Senate, the Hungarian Treaty has not yet been signed, the Turkish Treaty has only now been presented to the Turkish delegates, and Bolshevik Russia continues fighting.

Sixty per cent. of the European population possess a monetary unit representing in the markets of the producing countries practically nothing, while the circulating medium of another twenty per cent. scarcely maintains one-third of its original value. With starvation spreading, the dark clouds of unrest are extending more and more.

Much has already been written about the Versailles Treaty even from authentic sources. In the handling of the peace, there has been committed the same error as during the war. The financial chapter has been treated as a secondary one, restricted only to the relations between the victorious nations and the defeated ones. It was the first European war based upon the conscription system and, moreover, the first where outside assistance had been indispensable. The longer the war lasted, the greater became the dependence of the European countries on countries outside of Europe. The intervention of the United States contributed largely to the cessation of the unprecedented bloodshed. In the early years, Europe was compelled to cede a large portion of its wealth accumulated during centuries and later on to contract loans from outside nations. The deep consequences, however, of the great war have become more and more conspicuous since the armistice. The victors could not have expected a healing of their war wounds by their vanquished foes, who were entirely prostrated. It was imperative, therefore, to ask a helping hand for Europe in its entirety from those countries whether the capital of the ancient continent has been concentrated. The Paris Conference ought, therefore, to have become predominantly a financial conference, making the territorial readjustments depend upon the financial questions. A war entirely different from all previous ones was expected to be succeeded by a peace without a precedent in the written records of history.

Unfortunately such a policy has not been followed. The economic questions have been left to be dealt with by each country single handed. And the consequences? Higher and higher prices in the producing markets, inflation everywhere, depreciation of the European currencies, and a general increase in the cost of living. A very discouraging picture!

As I have pointed out in my articles

in the *Economist* of London during the last two years, the financial conference must become at last a reality. Not, however, in order to express some abstract views and dissolve. Such an assembly ought to develop into a financial chamber comprising one delegate for each trading country. An executive board of four to five members (the presidents of the four to five committees in which the Chamber will be necessarily sub-divided) should have the management of its affairs. This chamber would not only indicate the measures to be adopted; it ought also to have the power of putting into exact execution the needed reforms.

We must at last admit that the economic structure of the world has entirely broken down. New foundation stones must be placed. This can only be done by the coöperation of all trading nations.

The first questions to be discussed and settled must be the labor and currency questions, as also the adoption of a credit system to give Europe the chance of recovery.

From everywhere the same voice is heard: Europe must work! I don't believe that there should be any misgivings, that Europe will not work again in the future with the same eagerness and success as in the past. For the present, however, we must take into consideration on the one hand that the map of Europe has not yet been fixed, as I already said above; and, on the other hand, that the dislocation of work during the five years of war cannot be easily amended in practically such a short time. We ought to recollect that millions of men in the prime of life are no more living, that millions are hungering, that millions are still fighting. Nevertheless, work has started. One nation after the other, they are struggling hard in order to cope, as well as they can, with phenomenal financial problems. For some time to come we shall still be dependent upon the producing countries beyond the seas for a large portion of our food.

Owing to the war, questions of labor and currency have become common everywhere. with the immediate consequences of diminished production, shortage of goods, profiteering, extravagance and the general result of a constant rise in the cost of living. In order to effect an improvement of the situation, the change must begin from the producing countries, where all these years of misery for Europe have been but years of abundance. More work in these countries would produce more goods for the creation of surplus stocks indispensable to the regulation of prices. The rise of the standard of the circulating unit by deflation would also be easier to start in those countries which were little affected by the war. Increased production and deflation would not only constitute a blessing to the subjects of the producing countries; it would also mean a valuable assistance to Europe, having to give under such circumstances for her imports at the prices of, say, 1914, less than half of the sums she is obliged to pay at present.

As the world is closely connected together a financial coöperation is imperative. The development of a community of interests might lead to the realization of the dream of the League of Nations.

Book Reviews

THE EASTERN QUESTION AND ITS SOLUTION. By Morris Jastrow, Jr., Ph.D., LL.D.: Philadelphia: J. P. Lippincott Company.

This is a timely book on the most absorbing problem before the Allies at this time. The Eastern Question lay at the root of the Great War and of previous wars and it will always continue until it is rightly settled.

Dr. Jastrow sets forth America's interest in the Near East and the reasons why a satisfactory solution cannot be reached without our coöperation. He does not believe in our country accepting a mandate over any Eastern land, chiefly because it involves our sending a large army across the ocean. While recognizing the correct principle of trusteeship underlying mandates, the solution proposed by Dr. Jastrow is of an entirely different character. He favors the creation of a series of international commissions on which natives of Eastern lands should also be represented and to which commission the affairs of the Near East would be entrusted, with the ultimate object of making the peoples of the Near East capable of self-government.

Incidental to the discussion of the main theme the author shows the reason for the failure of the European diplomatic policy and gives an illuminating survey of the present situation.

Dr. Jastrow is a professor at the University of Pennsylvania and the author of other timely books on questions of the day, as "The War and the Bagdad Railway," and "The War and the Coming Peace."

THE GEOLOGY OF THE MID-CONTINENT OIL FIELDS. By Dr. T. O. Bosworth. New York: The Macmillan Company.

In this volume Dr. Bosworth has brought together practically all the important details of geological formations which have a bearing upon the prospective supply of oil. The Mid-Continent oil field region is the greatest of the world's developed oil territories and the study of this field is of much importance to the science of geology. The book is based upon facts and details of great value to men who undertake work in these fields and those who wish to study the financial and economic possibilities of the oil industry.

MODERN FOREIGN EXCHANGE. By V. Gonzales. New York: C. S. Hammond & Co.

This is the second edition of a volume which appeared a few months before the European War. It has been brought up to date and explains and clearly tabulates monetary systems, intrinsic equivalents and commercial rates of exchange of all countries and their relation to United States money. The book covers the subject of subsidiary money which has been used in local districts for the war period, but in the main discusses exchange and the problem of gold on the present market.

HISTORY OF THE THRIFT MOVEMENT IN AMERICA. By S. W. Straus. Philadelphia: J. P. Lippincott Company.

An inspirational volume on thrift and the many ways in which it can be applied in its broadest senses to the use of money, health, living, time and energy; thrift in the home, in business and society, and in national and individual development. The efforts of the author, president of the "American Society of Thrift" in bringing his views clearly before the National Educational Association and other such committees has awakened an interest in this subject which will mean a greater appreciation of the importance of thrift.

The book includes interesting little sketches of the work of men whose names are familiar to all, who have made their mark within the past twenty-five years.

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Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts Upon Questions of the Law of Banking and Negotiable Instruments

Bank's Lien on its Stock

Citizens' Bank of Maxeys v. Bank of Penfield, Court of Appeals of Georgia, 101 S. E. Rep. 203.

A BANK may, if it wishes, establish a by-law to the effect that none of its stockholders shall transfer their stock while they are in any way indebted to the bank. This gives the bank a lien on the shares of its stockholders for any money which the stockholders may be owing to the bank.

A lien of this kind is good against one who purchases the stock in good faith, only where it appears that he had notice of the existence of the by-law.

In this case the owner of five shares of bank stock sold them while indebted to the bank. The bank had a by-law giving it a lien on the stock, but the purchaser had no knowledge that there was such a by-law. On each stock certificate there appeared the following statement: "Transferable only on the books of the corporation, in person or by attorney on surrender of this certificate, in accordance with the by-laws of this bank."

The bank claimed that this was sufficient to give the purchasers notice of the by-law. The court held, however, that this merely gave the purchaser notice that the bank had by-laws, that it was no notice as to what the by-laws provided and that the purchaser, therefore, took a good title to the stock.

OPINION

SMITH, J. As to the demurrers interposed by both parties to this suit, suffice it to say that the rulings thereon contain no reversible error; the controlling question for adjudication being whether or not the agreed statement of facts warranted the trial judge (who tried the case without a jury) in rendering judgment in favor of the plaintiff.

The agreed facts show that on March 5, 1912, L. J. Boswell, who owned five shares of stock in the Citizens Bank of Maxeys, transferred the stock in blank to the Bank of Penfield. The latter bank used the stock as collateral to secure a loan from W. P. McWhorter. Boswell was indebted to the Citizens Bank of Maxeys, and the indebtedness was reduced to judgment in 1913. McWhorter and the Bank of Penfield, after the death of Boswell and twelve months after administration, sold as pledgees the stock; the Bank of Penfield becoming the purchaser at the sale. Subsequently to the sale (at which a representative of the Citizens Bank was present and gave notice that it claimed a by-law lien on said stock) the Bank of Penfield presented the stock certificate and evidence of purchase to the Citizens Bank for transfer, and transfer was refused on account of said by-law lien. The Bank of Penfield thereupon brought this suit against the Citizens Bank for the value of the stock.

Neither the Bank of Penfield nor McWhorter had any actual notice of the by-law lien, but it is contended that the following language, appearing on each of the five stock certificates, was sufficient to import notice:

"This certifies that L. J. Boswell is the owner of one share of the capital stock of Citizens Bank, Maxeys, Ga., transferable only on the books of the corporation in person or by attorney on surrender of this certificate, in accordance with the by-laws of this bank."

It is admitted by counsel for both parties that the owner and holder of a certificate of bank stock has the right to have the stock transferred into his name on the books of the corporation, and the illegal refusal so to transfer makes the corporation liable for any damages resulting from such wrongful refusal. See Bank of Culloden v. Co., 8 Ga. App. 10, 68 S. E. 746; Bank of Norwood v. Ray, 21 Ga. App. 620, 94 S. E. 819, Forsyth, 120 Ga. 575, 48

S. E. 226, 102 Am. St. Rep. 115; Hilton v. Sylvania Railroad. So, also, there is no question between counsel as to the validity of the by-law and the by-law lien (Civil Code, section 3375), but the defendant in error contends that it is a transferee without notice of the same. Neither is there any question between counsel that if the indebtedness of Boswell, the stockholder, existed before the Citizens Bank had notice of any transfer the lien would be good as against such transferee with notice. People's Bank of Talbotton v. Exchange Bank of Macon, 116 Ga. 820, 43 S. E. 269, 94 Am. St. Rep. 144; Commercial Bank v. American Bank, 22 Ga. App. 688, 97 S. E. 107. Likewise it is admitted by both parties that the transferee of stock of a bank with such a by-law and by-law lien as is relied upon in this case must have notice thereof before he would be bound thereby. Bank of Culloden v. Bank of Forsythe. 120 Ga. 575, 48 S. E. 226, 102 Am. St. Rep. 115. It is obvious, therefore, that the question of importance in this case is one of notice.

The plaintiff in error contends that the language appearing in the face of the certificates in question was amply sufficient to put the purchaser on notice as to the by-law lien relied upon. However, the defendant in error denies this. Here, therefore, is the crux of the entire case. Of course, the notice given at the pledgees' sale by the defendant in no wise affects this question. See American Nat. Bank of Atlanta v. East Atlanta Bank, 147 Ga. 750, 95 S. E. 286. Let us, therefore, examine the language appearing on the face of the stock certificates, the first clause of which is as follows:

"This certifies that L. J. Boswell is the owner of one share of the capital stock of the Citizens Bank, of Maxeys, Ga."

This statement, which is signed by the bank under its seal, when considered alone merely states to the public that Boswell is the owner of one share of stock, the truth of which the bank is, of course, estopped from denying. Consequently, when the transferee received the certificate it took that which the Citizens Bank recognized as the main muniment of title. This statement is qualified by the words "transferable only on the books of the corporation in person or by attorney on surrender of this certificate." It is well settled that this language does not import any notice whatever of a by-law lien.

"A statement in a stock certificate that the same is 'transferable only on the books of the corporation, in person or by attorney, on surrender of the certificate,' does not charge the transferee with notice of what is on the books of the company, or of the existence of the lien, or of the fact of the stockholders' indebtedness to the company." Bank of Culloden v. Bank of Forsyth, supra, 120 Ga. 575, 48 S. E. 226 (3), 102 Am. St. Rep. 115.

Generally speaking, all corporations have by-laws requiring the transfer of stock on their books for the purpose of sending notice of meetings, paying dividends, voting, and the like. It has no connection with a by-law lien, and therefore does not suggest one or give notice of one. The case of Sylvania & Girard R. Co. v. Hoge, 129 Ga. 734, 742, 59 S. E. 806, well illustrates the confusion that might arise by not requiring such a transfer as was demanded in this case, on the books of a corporation. We see, therefore, that although by-laws requiring a transfer on the books of a corporation are reasonable and prudent, lest the corporation come to have two certificates out for the same stock and become involved in liability thereupon, the language "transferable only on the books of the corporation in person or by attorney on surrender of this certificate" fails altogether to import notice of any by-law lien.

We come now to the last words of the language under consideration, to wit, "In accordance with the by-laws of this bank." These words, standing alone, are meaningless (except to direct attention to the fact that the bank has by-laws), and consequently, in order to be intelligently considered, must be reviewed in connection with the language that immediately precedes them, which language, we have seen, fails to make

mention of or import the existence of a by-law lien, but merely serves to show how a transfer of stock must be made.

To sum up the whole matter, the language appearing on the face of the certificates in question does not remotely suggest to a purchaser, or in any wise put him on notice, that the absolute ownership of the shares certified to by the corporation is to be limited by a lien thereon.

In conclusion, the language of the certificates makes fairly applicable to the defendant bank the principle:

"Where one of two innocent persons must suffer by the act of a third person, he who puts it in the power of the third person to inflict the injury must bear the loss." Civil Code, Section 4537.

Judgment affirmed.

Right to Reclaim Letter Containing Check

Traders National Bank v. First National Bank, Supreme Court of Tennessee, 217 S. W. Rep. 977

The payee of a check deposited it in his bank with instructions to send it direct to the drawee bank. The check arrived at the drawee bank after banking hours. No record of the check was made in the drawee's books, but an employee of the bank drew a draft to the order of the collecting bank for the amount and mailed it, shortly after the receipt of the check.

The next morning it was learned that certain checks, which the drawer of the check had previously deposited, had been returned unpaid. This left the account overdrawn. The drawee bank thereupon called the collecting bank on the telephone and explained the situation. It asked that the draft, which had been mailed, be returned, but was able to obtain no satisfactory answer. So the drawee then sent to the post office and was able to have the letter intercepted and returned.

In an action by the collecting bank against the drawee it was held that the drawee was not liable.

OPINION

Appeal from Chancery Court, Warren County; T. L. Stewart, Judge.

Action by the Traders National Bank. From decree for complainant, defendant appeals. Reversed, and bill dismissed.

GREEN, J. On June 10, 1917, Montgomery & Bouldin bought from the Harbin Produce Company, the stock and business of the latter concern at McMinnville, Tenn. In payment Montgomery & Bouldin gave their check for $1,285, drawn on the First National Bank of McMinnville. On the next day, June 11, 1917, the Harbin Produce Company deposited this check in the Traders National Bank of Tullahoma, Tenn., requesting of that bank that the check be sent direct to McMinnville for collection. The check was sent direct, and reached the First National Bank of McMinnville on the same day. The check arrived after the usual clearing hours, and it was not charged on that day to the account of Montgomery & Bouldin. No entry respecting the check in the nature of a charge to the drawers was made on the books of the bank. Some employees of the bank, however, on the afternoon upon which the check came in, placed it on a pointed file and drew to the order of the Traders National Bank the First National Bank's draft upon the latter's correspondent at Chicago for $1,285. This draft on Chicago was put in an envelope addressed to the Traders National Bank at Tullahoma and placed in the mail on the same evening.

A few days previously Montgomery & Bouldin had deposited to their credit in the First National Bank of McMinnville, certain checks drawn in their favor on out-of-town banks by this same Harbin Produce Company. On the evening of June 11th, or on the morning of June 12, after the First National Bank, of McMinnville, had mailed the draft on Chicago to the Traders National Bank of Tullahoma, the First National Bank of McMinnville learned that the Harbin Produce Company's checks previously credited to the account of Montgomery & Bouldin as

aforesaid had been protested. As a result of this the account of Montgomery & Bouldin at the First National Bank would show a considerable overdraft.

The First National Bank of McMinnville then called up the Traders National Bank of Tullahoma over the telephone, and asked that the Chicago draft remitted on the day before be returned when it reached Tullahoma, but received no satisfactory reply.

The McMinnville Bank, the defendant, then took the matter up with the post office at McMinnville, and had its letter to the Tullahoma Bank, the complainant, intercepted in the mail and returned, so that the Chicago draft never in fact reached the complainant. The $1,285 check was returned to it.

The Harbin Produce Company failed in a few days thereafter. Other facts appear upon which the complainant relies to establish fraud and collusion between the Harbin Produce Company and the complainant; but these need not be noticed, since the decision of the case will not turn upon the question of any fraudulent practice upon the defendant bank.

Upon this state of facts the chancellor held the defendant bank liable to the complainant bank in the sum of $1,285, the amount of the Montgomery & Bouldin check, from which decree the defendant has appealed to this court.

This case is similar to that of Bank v. Bank, 127 Tenn. 205, 154 S. W. 965, and is controlled by the latter case, except in one feature.

In Bank v. Bank, supra, certain checks drawn on a Sparta Bank were deposited in a Murfreesboro Bank and sent to the drawee bank for payment. The checks reached the Sparta Bank in the afternoon, and were stamped "Paid" and placed on a file or hook for cancellation. At the time the checks reached the Sparta Bank the drawer had not sufficient funds to meet them. The drawer was frequently making deposits, and it was assumed that a deposit would be made during the afternoon or the next morning sufficient to make the checks good. No such deposit having been made, on the next day the Sparta Bank took the checks off of the cancellation hook, erased the "Paid" stamp, protested them, and returned them to the forwarding bank. No entry respecting these checks was made on the books of the Sparta Bank.

Suit was brought by the Murfreesboro Bank against the Sparta Bank to recover the amount of these checks, on the theory that by the course of conduct above stated the Sparta Bank had accepted the checks for payment and was liable therefor. This contention was denied by this court and the suit dismissed.

The court quoted the definition of acceptance from the Negotiable Instrument Law (chapter 94 of the Acts of 1899), likened checks to bills of exchange, and held that under the circumstances the drawee bank had 24 hours in which to accept or reject the checks, and said:

"We hold there can be no acceptance upon the part of the drawee, receiving remittances from a distance, and acting in the dual capacity of collecting agent of the holder and as agent of the drawer to pay, until and unless the transaction is completed by a delivery to the remitting bank in due course, or a notification to some one entitled to be notified." Bank v. Bank, supra.

The court had previously in the opinion stated that acceptance in the Negotiable Instrument Law "means an acceptance completed by delivery or notification," and had recognized the fact that delivery might be made by a proper entry on the books of the drawee bank. The delivery referred to was, of course, delivery of the proceeds of checks; the checks having been sent for payment, and not for certification.

From a consideration of Bank v. Bank, supra, it appears that none of the things done by the defendant bank in the case before us rendered it liable to the complainant, unless it be the drawing and mailing to the complainant of defendant's draft in Chicago. The complainant insists that by mailing this draft the defendant completed acceptance or payment of the Montgomery & Bouldin check, and was thereafter

precluded from denying responsibility on this account. Numerous authorities are cited for this position by the complainant, among them Kirkman and Luke v. Bank of America, 2 Cold. 397; Canterbury v. Bank of Sparta, 91 Wis. 53, 64 N. W. 311, 30 L. R. A. 845, 51 Am. St. Rep. 870; Security National Bank v. Old National Bank, 241 Fed. 9, 154 C. C. A. 1; Chapman v. Mills et al. (D. C.) 241 Fed. 717.

These causes, insofar as they deal with similar circumstances, proceed on the theory that a delivery is completed when the subject of delivery is posted in the mail.

The test of delivery, as noted in our cases, is the power of the grantor of a deed or maker of a note to recall the same. Has he parted with dominion and control over it? If so, there has been a delivery. Brevard v. Neely, 2 Sneed, 164; Kirkman v. Bank, supra. The same test is recognized in the cases from other jurisdictions just above referred to.

Heretofore it has been assumed that when a letter was posted it was beyond the control of the sender, and became the property of the addressee as soon as put in the mail. 13 C. J. 302. We think all the cases relied on by the complainant are based on this supposition.

If a letter, when posted, can be regarded as beyond the control of the sender, then it may well be concluded that delivery of its contents to the addressee has been perfected.

By the United States Post Office Regulations (1913) Sections 552, 553, a change has been made as to rights of the parties. The writer or sender may now apply for a letter, which is put in the mail, and when it is properly identified, the postmaster must return it to him, or telegraph to the office of the addressee, whose postmaster must return it to the post office where mailed, if it has not been delivered. 13 C. J. 302.

The author of the article on Contracts in Corpus Juris in this connection says:

"The question, then, will arise whether a change in the regulations of the post office can affect the law that the acceptance is final when the letter is dropped in the post office. It seems that it does." 13 C. J. 303.

As authority for the last statement, reference is made to Ex parte Cote, L. R. 9 Ch. 27.

In Ex parte Cote, supra, a banker in Lyons, France, indorsed bills of exchange to a merchant in London and mailed them in the post office at Lyons. Before the mail left Lyons, the banker received a telegram which induced him to undertake to recover the bills of exchange from the mail. Under the postal regulations of France, the sender of a letter was entitled to recover it from the mail, if he made due application and complied with certain formalities. before the letter left the office at which it was posted. The Lyons banker undertook to comply with these formalities and the letter was set aside for him.

As a matter of fact he did not regain possession of the bills of exchange by reason of some mistake, and later, in a suit respecting the bills of exchange, which had been forwarded, the question arose as to whether there was a delivery thereof to the addressee of the letter. It was contended that such a delivery was effected by the posting of the letter at Lyons. The English Court of Appeal in Chancery held that there was no delivery. Mellish, L. J., said:

"In order to make the property in the bills pass, it is not sufficient to indorse them; they must be delivered to the indorsee, or to the agent of the indorsee. If the indorser delivers them to his own agent, he can recover them; if to the agent of the indorsee, he cannot recover them.

"The question therefore arises: Of which party the post office is the agent. In this country, where the sender of a letter cannot get it returned after it has been posted, if the indorsee of a bill authorizes the indorser to send the bill through the post office, the bill as soon as it is posted becomes the property of the indorsee. But according to the regulations of the French post office a person who posts a letter may get it back on complying with certain forms at any time before the letter has left

the town where it is posted. I am inclined to think that the effect of the rule is that the post office is the agent of the sender of the letter until it leaves the town, and that the indorsement of the bills contained in it is not complete till the letter is dispatched from the town."

This authority seems to us well reasoned, and, extending it slightly, it covers the case before us. If delivery is not complete until one had lost control of the subject-matter of the delivery, then it was not completed here, since, under the postal regulations, the defendant bank was entitled to reclaim this letter from the mail before it reached the complainant. We may also, as did the English court, regard the post office as the agent of the sender, and, under our postal regulations, and the facts of this case, until the letter was delivered to the addressee.

In ordinary cases we will adhere to the old rule that the mailing of a letter amounts to a delivery of its contents to the person to whom it is addressed. This, however, is subject to the power of the person sending the letter to recover it from the mails under the Postal Regulations of 1913. Such a delivery is therefore subject to be defeated by the proper exercise of such power.

For the reasons stated, we are of opinion that the complainant is not entitled to recover herein, and the decree of the chancellor will be reversed, and this bill dismissed.



Liability of National Bank on Contract of Guaranty

First National Bank of Moody v. Crespi & Co., Court of Civil Appeals of Texas, 217 S. W. Rep. 705

A national bank has no power to guaranty the performance of a contract made for the sole benefit of another and is not liable on such a contract. In this case the bank was sued on a contract guaranteeing the performance of a contract, whereby one party agreed to sell to another 125 bales of cotton.

OPINION

BRADY, J. Crespi & Co. filed this suit against J. B. Snell, doing business as Snell Hardware Company, and the First National Bank of Moody, Tex., to recover damage for breach of a contract between Crespi & Co. and Snell, whereby Snell agreed to sell and deliver to Crespi & Co., 125 bales of cotton, f. o. b. compress at Temple, Tex., on or before the 30th day of October, 1916. The contract was in writing, and a copy of same was attached as an exhibit to the answer of plaintiffs in error. The First National Bank of Moody was sued as guarantor of the contract upon this indorsement: "We guarantee the fulfillment of this contract. (Signed) First National Bank, J. W. Donaldson, Ca."

The pleadings show that the contract was made in accordance with the rules of the Texas Cotton Association, so far as applicable; there being indorsed on the back of the contract extracts from such rules.

Defendant in error alleged that Snell breached the contract in failing and refusing to deliver the amount of cotton stipulated, there being a shortage of 10,842 pounds, and sought to recover the difference in market value of the cotton undelivered, and also the amount of certain overdrafts paid to Snell, and certain stipulated amounts by reason of the under weight of a number of bales of cotton delivered. The plaintiff in error Snell specially answered that he had delivered to defendants in error the 125 bales of cotton stipulated in the contract, admitted the overdrafts sued for, and admitted that some of the bales were under weight, but alleged that the amount stipulated in the contract for under-weight bales was liquidated damages, and the only damages recoverable under the contract.

Plaintiff in error First National Bank of Moody pleaded that it was a national banking association, denying the guaranty, but pleaded that, if such guaranty was made, it was without authority of the bank, was wholly without consideration, no benefits accruing to to the bank by reason of it, and specially pleaded the defense of ultra vires.

The bank also adopted the special answer of Snell.

To the defense of ultra vires, defendant in error specially pleaded that the bank was benefited by the execution of the contract, through the receipt of exchange on drafts drawn by Snell on Crespi & Co., and interest on money loaned to Snell in the purchase of the cotton; and that defendant in error relied upon the bank's guaranty and paid for the cotton in reliance thereon.

There was no jury below, and the parties made the following agreement of record:

"It was agreed that plaintiff is entitled to recover the amount sued for, unless the defenses presented prevented a recovery."

The court rendered judgment in favor of Crespi & Co. against Snell and the bank for $1,023.43, with judgment over in favor of the bank against Snell.

The remaining assignment complains of the judgment against the First National Bank of Moody, it being claimed that it is fundamentally erroneous, because the record shows that the bank was liable, if at all, merely as a guarantor of the contract of Snell, it being beyond the power of a national bank to make a valid contract of guaranty, and that therefore the pretended contract was ultra vires and void.

Under this assignment the proposition is made that a national bank has no power, with or without consideration, to guarantee the performance of a contract made for the sole benefit and advantage of another; such act not being within the powers conferred upon such bank by law, nor incidental to any powers conferred. In view of the national banking laws, it is not doubted that this is a sound proposition of law, but the question is whether or not this contract was in fact made for the sole benefit and advantage of another. Not all contracts of guaranty by a national bank are void as ultra vires, and it is claimed in this case that defendant in error pleaded and proved that the bank received such direct benefits and had such an interest in the transaction as that it became liable under the guaranty, although, as an original undertaking, such guaranty might have been ultra vires. The bank has cited section 5136, Federal Statutes Annotated, vol. 5, p. 82, as defining the powers of a national bank, and a number of federal cases sustaining the point that such a bank cannot be bound by contracts of suretyship or guaranty made for the sole benefit and advantage of others. These authorities are not regarded as conclusive, however, because in this case it is not sought to recover wholly upon an independent contract of guaranty, but upon the theory that the bank had such a direct interest in the performance of the contract, and derived such benefits therefrom as made it liable as for its own undertaking made for its benefit.

Neither are the authorities cited by defendant in error controlling in this case, namely, First National Bank of Greenville v. Greenville Cotton Oil Co., 24 Tex. Civ. App. 645, 60 S. W. 828, and Bay City Bank & Trust Co. v. Rice-Stix Dry Goods Co., 195 S. W. 344.

In the first of these cases it appears that the bank was directly interested in the furnishing by the Greenville Cotton Oil Company of the feedstuffs bought by Ingram with which to feed the cattle. It was shown that under the arrangement between Ingram and the bank he was to open an account with the bank, remove his deposit from another bank to the defendant bank, and was also to pay interest to it on the money advanced to pay Ingram's feed bills; also, that he was to execute a mortgage on his cattle to the bank to secure it in the moneys advanced for its reimbursement out of the proceeds of the cattle when sold, and that in pursuance to this arrangement the mortgage was actually executed. It was also shown that the feed was used to fatten the cattle, increasing their value, and without which they could not have been placed upon the market, and that Ingram paid the proceeds of the sale to the bank, which it applied to the extinguishment of Ingram's debt.

In the Bay City Bank Case it appears that the bank was a creditor of Pitluk, in that it had purchased the account of Rice-Stix Dry Goods Company against

Pitluk for an agreed amount, and had induced the dry goods company to deliver to Pitluk several thousand dollars worth of goods, which increased the value of the bank's security for Pitluk's indebtedness to it. It also appears that Pitluk was in a failing condition, and that the bank appropriated the results from the final sale of his entire assets, to the exclusion of the dry goods company, and never refused to pay the agreed price for the assigned account until all of Pitluk's assets had been disposed of and placed beyond the reach of the dry goods company.

To our minds, the facts of these cases distinguish them from the instant case, and they are not such authority as to impel us to hold that the defendant in error alleged sufficient facts to authorize the trial court to render judgment against the bank upon its contract of guaranty. We have seen that we are not at liberty to weigh the evidence or to consider the statement of facts, but the question must be decided upon the pleadings.

Defendant in error sought to avoid the bank's plea of ultra vires by special allegations, attempting to show that the bank had received such benefits under the contract as estopped it to plead that it was beyond its corporate capacity to make the guaranty. If the facts pleaded were sufficient for this purpose, we would have to sustain the judgment, because we are required to presume that the court found all facts necessary to the rendition of the judgment within the scope of the pleadings; but we are not at liberty to presume anything more than this, and, if the averments of the supplemental petition were not broad enough to take the case out of the rule that a national bank cannot undertake a contract of suretyship or guaranty for the sole benefit of another, the judgment was not authorized, and was fundamentally erroneous.

We have carefully read all the allegations of the supplemental petition, and in substance they are: That, at the time of the execution of the guaranty, defendant in error had declined to enter into the contract with Snell, without the same being guaranteed (but it is not alleged that it would not have made the contract without its being guaranteed by the defendant bank). It is averred that at such time Snell was a customer of the First National Bank of Moody, and carried his account with that bank, which had for years had an arrangement with Snell to extend him a line of credit or loans in the purchase of cotton; that on money so advanced it received interest from Snell; that Snell was buying cotton in small lots, and when he would get together an aggregate of from 25 to 100 bales, he would sell to a cotton merchant or exporter, and would draw drafts for the purchase price, and the bank received exchange of one-fourth of 1 per cent. on the draft; that at that time the bank expected to carry on the same arrangement with Snell; and that it knew its business with Snell would be furthered, and that it would be benefited in the matter of interest and exchange by virtue of the contract between Snell and defendant in error. There is then alleged the execution of the guaranty by the bank, its acceptance, and that it was acted upon; that Snell shipped the cotton in installments and drew drafts through the defendant bank against defendant in error; and that receipt by the bank of exchange aggregating about $16. The averments proceed to state that the drafts were accepted and paid by defendant in error, the proceeds received by the bank, and Snell given credit for such amounts, and that the moneys so paid by plaintiff in error were used by the bank in payment of the indebtedness of Snell to it, and to cover the items of interest charged to his account for moneys so advanced, and that the bank was interested in the fulfillment of the contract and reaped the benefits thereof. It is then alleged that the defendant in error acted and relied upon the guaranty, and that the bank never at any time denied its liability upon the contract, but at all times held itself out to defendant in error as liable thereon.

We do not think these averments sufficient to bind the bank, especially as it is not alleged that at the time the con-

tract was made Snell was indebted to the bank, nor that it had even agreed with Snell to advance him the money with which to purchase the cotton in question, and to charge him interest therefor, but merely described the custom and general business arrangement with Snell, and that the bank expected and intended to carry on the arrangement. As to the matter of exchange, in addition to the triviality of the amount received by the bank, as compared with the amount of damages claimed for the breach of the contract, it was not averred that the bank would not have received the benefit of the exchange had it not guaranteed Snell's contract. Neither is it alleged that, if the contract of guaranty had not been made with the bank, it would not have made the loans to Snell anyway, and that it would not have received the interest. It is not alleged that Snell was not amply solvent and able to respond in damages for breaches of his contracts, independently of the contract of guaranty by the bank, and also to make arrangements with others for the loan of money in the purchase of his cotton. In the absence of these or similar averments, we do not think it can be successfully contended that the defense of ultra vires is met in such a case.

While a national bank may undoubtedly, under some circumstances bind itself by contracts of suretyship and guaranty, they must be shown to be directly and immediately for its benefit. Sound public policy demands that such undertakings should be closely scrutinized when undertaken by a bank, and that its officers and agents should not be permitted to bind it to speculative contracts in which it has no direct or immediate interest, or to contracts generally for the accommodation of its customers.

The pleadings of defendant in error, even as against a general demurrer, seem to us to be too vague and indefinite to bind the bank upon a legal guaranty of this contract, and to avoid its defense of ultra vires. However, the issue was sought to be made by the pleadings, and it may be that upon another trial defendant in error can and will plead and prove facts which would show liability upon the part of the bank.

As to the plaintiff in error, J. B. Snell, the judgment will be affirmed; but, as to the plaintiff in error First National Bank of Moody, the case will be reversed and remanded for another trial in accordance with this opinion.

Affirmed in part, and in part reversed and remanded.

Rights of Purchaser of Postdated Check

American National Bank v. Wheeler California District Court of Appeal, 187 Pac. Rep. 128

The payee of a postdated check transferred it for value before the day of its date. The drawer stopped payment on the ground that the payee obtained it from him by fraud. It was held that the holder was entitled to enforce the check against the drawer. The fact that the check was postdated did not put the purchaser on inquiry or effect his standing as a holder in due course.

OPINION

Action by the American National Bank against Earl W. Wheeler and others. From a judgment for defendants, plaintiff appeals. Reversed.

KERRIGAN, J. This was an action brought by the American National Bank to recover from the defendants the sum of $300 due upon a certain check which plaintiff had cashed. The check reads as follows:

"Clearing House No. 1.
"San Francisco, Cal., March 7, 1916, No. 1758.
"The Mission Bank 11-16:
"Pay to the order of T. W. Spaulding $300.00.
"Pay 300 and 00cts.....dollars.
"Wheeler Bros.
"D. W. Wheeler."

This check was presented by Spaulding to the plaintiff bank, and upon in-

dorsement by him was paid. Spaulding had received the check from Wheeler Bros. as the result of a certain business transaction. There is testimony to show that the check was issued March 6, 1916, and that it was understood between Spaulding and Wheeler Bros. that the same was not to be presented for payment until the following day. On March 7, 1916, Wheeler Bros., concluding that they had been defrauded by Spaulding, gave notice to the Mission Bank, on which the check was drawn, to stop payment thereon. There is a conflict in the testimony as to whether the plaintiff cashed the check on the 6th or 7th day of March. The sole question here presented is whether or not plaintiff acquired the instrument in due course and in the ordinary course of business. The trial court adjudged and decreed that plaintiff was not an indorsee of the check in due course of banking business without knowledge of its dishonor, and accordingly rendered judgment against plaintiff. There is no evidence in the error to show that plaintiff knew or had cause to know that Spaulding was not rightfully in possession of the check and had not the full right to transfer it for value. The judgment of the trial court was evidently based upon its conclusion that the check was postdated and that its negotiability was affected thereby. A postdated check may be transferred before the day it bears date with like effect as if transferred on the day of its date. 7 Cyc. p. 531; Walker v. Geisse, 4 Whart. (Pa.) 252, 33 Am. Dec. 60; 2 Dan. Neg. Instruments, section 1772; Frazier v. Trows Co., 24 Hun (N. Y.) 282.

Here the evidence shows that the instrument was presented to plaintiff bank by the person named in the check, and that the bank took it in good faith and for full value, without notice of any infirmity in the instrument, and it was therefore an innocent purchaser and holder for value. This being so, it follows that Wheeler Bros., as makers, are directly liable to plaintiff, regardless of the stop notice given by them.

For the reasons given, the judgment is reversed.

Mailing the Bank's Correspondence

A Department That Handles Nearly Five Million Pieces a Year

THE mailing department of the Guaranty Trust Company of New York, with an organization of nearly forty people, handled in one year 4,580,573 pieces of mail and found time in between to keep a lot of statistics, hunt down the whereabouts of people who didn't bother to give theim addresses in their letters, and to dispense all sorts of information, such as train schedules to Kankakee, steamers to Port Said, and how much it costs to send a letter to Timbuctoo.

Samuel Stebbins of the Guaranty's publicity department, tells how the mail department operates in a recent number of the *Guaranty News*. He says:

BEGIN DAY AT MIDNIGHT

This active little department loses no time in beginning its working day—it begins right with the clock, at twelve midnight. At that time the "first shift," a quartet of early risers, one of them a special officer, reports at the City Hall Post Office to receive the first batch of mail. This runs anywhere from two to five or six big mail sacks, and is brought down to 140 Broadway in a little hand truck. And this mail, itself as much or more than the entire mail of thousands of concerns throughout the country, is but the beginning; hourly trips are made thereafter during the day for additional batches.

Arriving at the mailing department, the envelopes are speeded, two at a time, through a pair of electric-driven machines which slit thin slices from their edges. Each envelope is opened, not once, in the usual manner, but on three edges. This enables it to be spread out flat, and practically eliminates the possibility of overlooking any inclosures. Then the process of reading the letters and sorting them out for the various departments begins. For this work the mailing department uses an elaborate chart showing the functions of each of the many departments throughout the company. Attention is given first to items for the transit department. To help in this work, a shift from that department comes in at 1:00 A. M. In this way the transit department is enabled to have the greater volume of its mail items ready for the opening of the clearing house at 10 o'clock—an important factor in its work.

DOUBLE FORCE AT WORK

At six-thirty in the morning the second shift of the mailing department appears on the scene. As the first shift does not leave until eight o'clock, there is for a time a double force at work on the mail, thus permitting the great bulk of it to be distributed to the various departments when the company's business day formally begins at 9 o'clock. After that hour, deliveries to and collections from the departments are made hourly, with, as has been said, hourly trips to the Post Office, each trip under the guard of a special officer. The second shift finishes its labors at 1 o'clock in the afternoon, at which time the third shift comes on and stays on until the huge volume of outgoing mail is taken care of, which means from 8:30 to 10 in the evening. When it is realized that 2,633,269 pieces of outgoing mail matter passed through the mailing department in 1919 and that the great proportion of this work falls on the third shift, it will be seen that there is plenty of work for them to do.

And getting out the outgoing mail does not consist merely of carrying it to the Post Office. Each letter is carefully checked as it passes through the department to see that the envelope accompanying it bears the same address as the letter and that any inclosures mentioned are actually present. The envelopes are then given to the care of a nervous little machine which seizes them individually, seals them, and throws them out faster than one can



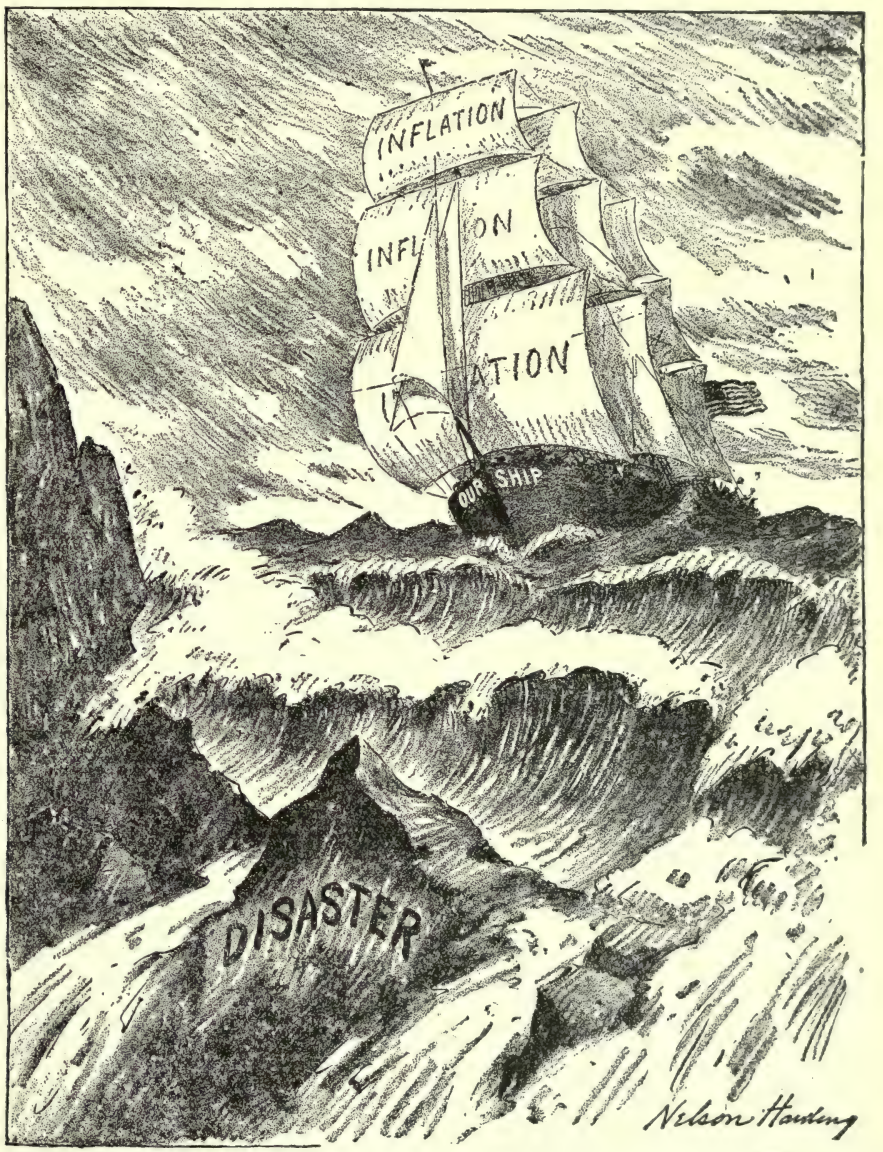
Mailing Department, Guaranty Trust Company, New York

count. But more important than these more or less mechanical operations is the work of watching the Post Office schedules in order that important mail for out-of-town points may catch certain trains. It often means a loss of twelve hours if mail for, say, Birmingham, Alabama, does not reach the Post Office in time to be placed on a certain train. So the department maintains a ceaseless watch on such matters and bends every effort to get the mail on the fastest trains.
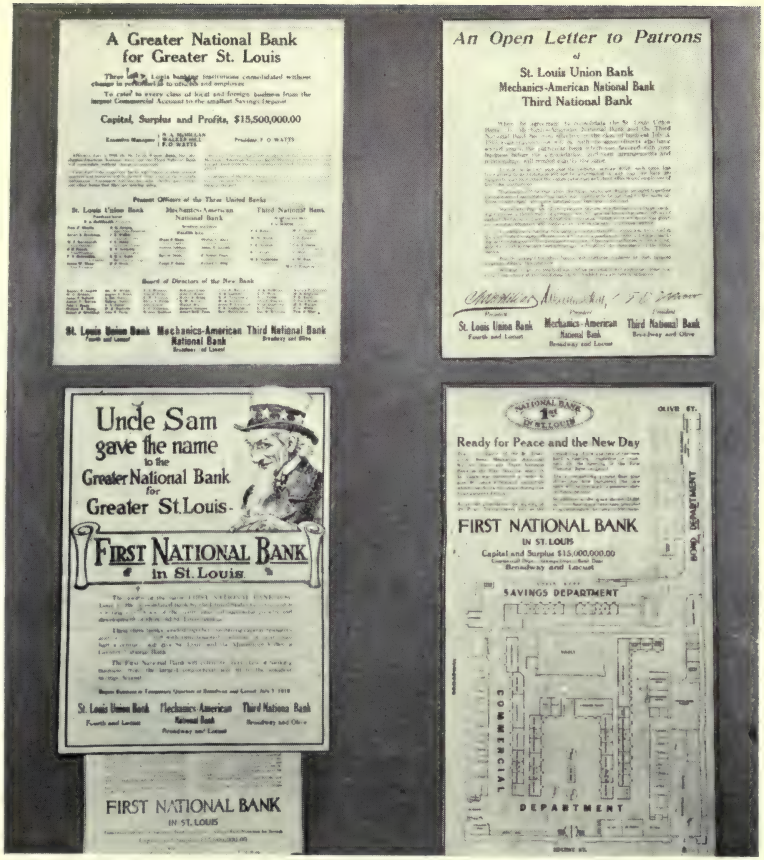
In a similar manner the foreign mailing division of the department, which handles the foreign department's mail, watches steamer schedules. In this division mail for all corners of the globe is sorted in racks, to be placed in envelopes and dispatched on the appropriate "steamer day." This work often requires a combined knowledge of train and steamer schedules, in order to catch steamers sailing from other ports in the United States, as New Orleans, Galveston, Miami, etc., from whence mail is dispatched to South American countries. And in these days a not unimportant part of the work of this division is to observe the addresses on all foreign mail and particularly that going to the new countries of Europe. Many mistakes are detected in the course of the day's work, and mail that otherwise would be sent to the other hemisphere only eventually to return, undelivered, is given a correct destination. During all the years of the war no letter sent to Europe by the Guaranty Trust Company was lost. Incoming and outgoing this division handled 1,931,836 pieces of mail in 1919.

Incoming registered mail is likewise handled in a separate division, which accomplishes its work in one shift, beginning at 8 A. M. At that time the registered mail is received at the Post Office and, accompanied by a special officer, brought to the mailing department. It is there opened and the contents immediately verified. Securities of all sorts, coupons, and important papers of various kinds in connection with the settling of estates, financial operations, etc., are received in this manner. In case a member of the division finds a discrepancy between the actual inclosures and the items mentioned in the

letter, he immediately calls the attention of another member to it, and the two place their initials on the letter with a notation of matter. The division, after sorting the mail, makes a record of the contents of all registered mail received, and delivers the mail to the departments against receipt. And they went through all this 109,994 times in 1919!



With All Sails Set
(Nelson Harding in *Brooklyn Eagle*)



Newspaper Advertisements



10,000 Lines of Newspaper Publicity



Newspaper Advertisements

A Charter Member Week Campaign

IN the history of bank advertising one of the most interesting chapters could be written around the Charter Member Week Campaign of the First National Bank in St. Louis. The photographs on these pages illustrate the advertising that was used by the bank in connection with the campaign and were taken from its exhibit at the New Orleans convention of the Financial Advertisers Association.

It will be recalled that the First National Bank is the result of the consolidation of three large St. Louis institutions. When the consolidation was effected, patrons of the consolidated banks and the public at large were invited to become charter members of the new institution. The invitation was widely advertised and resulted in a tremendous response and interest on the part of the public.

There were ten booths in the bank lobby with four girls to each booth who were busy all week registering the visitors. By having separate days for the directors and stockholders, the commercial depositors, the savings depositors, and out of town depositors, etc., it was possible to distribute the crowd so that there was no great congestion on any one day.

At New Orleans bankers from all parts of the country expressed great interest in the display of the advertising used in the campaign photographs of which are here published for the first time.

National Banks Increasing

THE Comptroller of the Currency made public the following report on May 7:

Upon the inauguration of the Federal Reserve Banks, six years ago, it was freely suggested that under the new system there would be a subsidence of our National Banks. Many whose opinions commanded respect predicted or suggested that there would be a gradual retirement of these institutions from the National Banking System and that they would reorganize under state charters, with membership in the Federal Reserve System.

Exactly the reverse has happened. Since the inauguration of the Federal Reserve System the National Banks have shown a more vigorous growth and development; have made greater earnings and have established a better record for immunity from failure than at any time since the National Banking System was established in 1863. The movement of state banks and trust companies to take out national charters has been accelerated and the number of national banks now in operation and the amount of their paid-up capital is the greatest in the history of the National Banking System.

For the first six months of the current fiscal year, since October 31, 1919, the number of new national banks chartered plus the number of existing national banks which have increased their capital is 545, in forty-five different states.

More national banks have increased their capital during the past six months than in any other twelve months' period in the past twenty years.

There are now pending and awaiting the Comptroller's approval 882 applications for new national bank charters and for permission to increase the capital of existing banks.

In the six months ended April 30, 1920, 190 charters were granted for new national banks with capital of $15,410,000 as compared with 85 charters granted with capital of $5,145,000 for the corresponding six months last year. Of the new banks chartered sixty-two (62) or nearly one-third of the total chartered were the conversion of State Banks and Trust Companies.

During the past six months the Comptroller of the Currency refused 13 applications for charters for new national banks; six applications were rejected during the six months ended April 30, 1919.

For the six months ended April 30, 1920, this office received 315 applications for charters for new national banks, with capital of $27,110,000 compared with 166 applications received for the same period last year with capital of $12,180,000.

In the six months ended April 30, 1920, 355 national banks increased their capital stock $54,635,100 against 126 banks which increased their capital to $12,890,100 during the six months ended April 30, 1919.

Three national banks reduced their capital in the past six months by $225,000. During the six months ended April 30, 1919, 2 banks reduced their capital $35,000.

During the past six months there were seven (7) consolidations of national banks under the act of November 7, 1918, with a combined capital of $12,290,000. As a result of the consolidation the capital of the consolidated banks was increased in a net amount of $725,000. During the corresponding six months last year, there were ten (10) consolidations of national banks under this act with a combined capital of $7,225,000, resulting in a reduction in capital of $1,720,000.

Forty-three national banks went into voluntary liquidation (exclusive of those consolidating with other national banks) during the six months just ended, their aggregate capital being $6,540,000 as compared with 40 such banks liquidating during the corresponding period ended April 30, 1919, with an aggregate capital of $11,620,000.

International Banking and Finance

SPECIAL The BANKERS MAGAZINE SECTION

Keeping Trade Channels Open

The over-seas service of the Irving's Foreign Division covers the full range of business and personal banking requirements abroad. To facilitate export and import operations and to supply the financial needs of individuals over-seas, the Foreign Division

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The Standard Money for International Transactions

By Domenico Godoni

THE dislocation of the international money market between Europe and the United States, was one of the conspicuous results of the great war.

Pounds sterling, francs and other currencies, when the support maintained during the continuation of hostilities was withdrawn began to lose ground rapidly in their relationships to the American dollar, which has seemed to become the standard money for all international transactions.

The United States found itself a well-nigh universal creditor as far as Europe was concerned; and in addition to that, found itself possessed of large quantities of raw materials and foodstuffs badly needed in devastated Europe; and Europe turned to this country expectantly both for the materials and for long term credits as a means of payment. The foreigner's hopes in this regard were not without encouragement in the United States.

For example, the theoretical results of the International Trade Conference, held in Atlantic City, in October, 1919, proved highly satisfactory, the financial and commercial leaders of America having, on that occasion, declared that it was not only a moral duty but also a mutual interest which should prompt the United States to support Europe's restoration.

But, since then, all indications that the fulfillment of this purpose was at hand have been waning.

The famous Edge bill, which was expected to supply the means to finance France, Italy and Belgium, remains merely a platonic document. So far as known to the writer not a single dollar has been advanced for any purpose under the provisions of that law.

To the further detriment of this situation, from the point of view of would-be foreign borrowers, the American Treasury and the Federal Reserve System have announced and adopted strict policies of curtailment in order to reduce circulation, so that all banks were compelled, to a large degree, not only to refuse new credits, but also to decrease those already outstanding.

Of course it is very evident that, even in the United States, the volume of circulating notes has been enormously augmented since 1914; but, it would not be correct to say that such increase is to be attributed entirely to inflation of circulation.

On the contrary, new enterprises have developed and become permanent and consequently more money is required for legitimate purposes of manufacture and commerce. And it must also be taken into consideration that the new Federal Reserve Bank System with its greater flexibility and more immediate response to the commercial and currency needs of the day inevitably results in a more rapid expansion of the currency circulation when expansion is in order, as it will doubtless provide a more rapid contraction when the tide begins to swing the other way.

On the other hand when a country possesses, as does the United States at the present time, gold coin and bullion (even though a portion of it is not directly available as reserves) to the extent of about sixty-two per cent. of all the outstanding circulating notes of the currency including both bond secured and non-bond secured currency, it would hardly be possible to say that the situation is absolutely abnormal and in a period of crisis.

The policy adopted by the American Treasury will no doubt attain the results of reducing circulating notes, of increasing the ratio of the gold reserve and also, to a certain extent, sooner or

later, of lessening the prices of commodities.

From the strictly domestic and internal point of view, this policy will doubtless prove satisfactory.

But, a necessary result will also be the decrease and possible prevention of further development in foreign trade and commerce.

The unusual situation created by the war must, to a large extent, be met with unusual methods, while, very likely, the new normality of the future will never become the old normality of the past.

It would appear that if judicious discrimination were to be used with respect to foreign transactions, it would be possible to provide that, when legitimate export purposes justify it, special credits might be opened with the commercial banks and reasonable terms be allowed by the Federal Reserve Banks, for the rediscount of the documentary drafts involved in the transactions.

If some such assistance is not forthcoming, the European nations will find that they cannot delay any longer in providing for their supplies of materials, both raw and manufactured, which are so sorely needed; and they will be obliged to find elsewhere the necessary means of facing the situations with which they are confronted.

Some plans for rendering and receiving aid of this character are already being adopted in Europe, especially with England as the lender. That country although burdened with enormous war expenditures, does not overlook the future in considering the present.

The financial policy now predominant in the United States, on the other hand, seems to be limited in its purview to the domestic features only, so far as the future is concerned, and to the present only, so far as foreign trade is concerned. Who knows but that, when the opportunity for future expansion comes, it may be too late to recall the present policies?

British Views of the Financial Situation

BRITISH views of the financial situation are set forth in the following excerpts from the statements of a prominent bank chairman, delivered before recent meetings of the shareholders of London's leading banks:

Walter Leaf, London County, Westminster and Parr's Bank:

When it came to a question of credits, the American attitude was distinctly critical and suspicious of our expenditure on luxury—all the more because they have imposed upon themselves severe restrictions of the prohibition law. This was continually brought up against me, and I found it difficult to reply.

But generally speaking, the attitude taken was that which has been so forcibly summed up by Mr. Hoover, that the remedies for our own troubles were in our own hands, in our own resolution to work and save; and that it was neither prudent nor consistent with our dignity as a great nation that we should come to the United States with petitions for great loans to help us through.

With that view I am entirely in agreement; and I cannot help expressing my regret that well-meaning, but, I am afraid mistaken, appeals should have been recently made for amounts which can only defeat co-operation by their very magnitude. That is not the policy either of English financiers nor, I am sure, of the British Government.

So long as we take the bold stand that we mean to pay our debts, and are well able to do so, and that we are anxious to co-operate with the United States in the great task of the restoration of Europe, I for one have no fear either of the loss of our commercial and financial place in the sun, nor of any serious discord between the two great Anglo-Saxon nations on whose friendship such vast issues depend.

We must learn to put aside all thoughts of mere destruction, and to recognize that the attempt to annihilate Germany by preposterous demands for reparation will hurt

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ourselves far more than it will hurt Germany, and will mean not only economic but social suicide for England.

Nor must there be any boycott of German trade. Our Government has told us that we must seek to establish business relations with Central Europe. We ask for the support in it, against the ignorant prejudice which is still only too plainly to be seen around us.

The blackness of the cloud which hangs over the Continent is alarming to us all, but the prospect must be boldly faced and fearlessly handled.

And we might well hope that the coming year might see, abroad as well as at home, the turning point of our economic troubles, with our own land in unquestioned place as the leader in the new civilization.

Hon. Reginald McKenna, London Joint City and Midland Bank:

Much the greater part of the inflated credit is due to borrowing by the Government. Bank advances to industry, though heavy in the aggregate, are not greater than industry requires.

The only condition on which we shall be able to check the rise in prices is that our annual expenditure is brought within the compass of our revenue. In state as in domestic finance we must learn to make both ends meet.

The expenditure of the Government is tantamount to the consumption of the quantity of commodities which the money would buy, and this must not exceed the amount of commodities the consumption of which the community are compelled to deny themselves by reason of the taxes they have to pay.

If it does, we run the risk, as is indeed now the fact, that our consumption may exceed our production.

This is not a plea for additional taxation. Far from it. Our existing taxation, which is, I believe, higher than in any other country in the world, is already dangerously near the point at which thrift, business enterprise, and needful capital development become seriously impaired.

It is a plea for such ruthless cutting down or postponement of all financial outlay by the state as will reduce our expenditure to a figure less than our tax revenue, for by this method alone can we hope to restrict the issue of currency, check the rise in prices, restore our foreign exchange, and re-establish London in her old position as the financial center and free gold market of the world.

Frederick Craufurd Goodenough, Barclays Bank:

Rotterdamsche Bankvereeniging

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Capital and Reserves . *f* 105,000,000

Every description of banking business transacted, including the making of collections, the issuance of travellers' letters of credit and documentary letters of credit, buying and selling of foreign exchange and of stocks and shares.

Our large capital and complete organization enable us to handle all matters entrusted to our care with efficiency and promptness.

This country is in the position of a banker whose business it is to accept liabilities, and by the exercise of skill and good judgment to turn them to a profitable account. England has for many years acted as the world's banker, and she will, I am confident, continue to do so in the future, notwithstanding that some of her customers may be richer than herself.

There can be no doubt that with the experience of generations and with the wide channels of information and communication she can, with a reasonably cheap money market, maintain that position.

The present condition of the world will not admit either that we should stand still or go backwards. Further justifiable expansion of credit may be forced upon us, to meet the demands of industry and trade, which will probably be very heavy if we are to help to re-establish the distressed countries of Europe, and to carry out Empire and home developments, both industrial and social.

Many proposals are put forward for granting credits to the distressed countries of Europe. There are great difficulties in carrying these proposals into effect so long as the currency conditions of those countries are unsound, because of the interval of time between the granting of the credit and the date of its maturity.

So long as currency can be increased at will, without any relation to real value, the economic condition of a country may rapidly change for the worse before the due date of a credit. And if payment for goods is accepted in currency, its value as a medium of exchange has no stable basis.

Until, therefore, the currency conditions of the distressed countries of Europe have been satisfactorily dealt with, the rehabilitation of those countries seems to be almost impossible.

Sir Richard Vassar Vassar-Smith, Lloyds Bank:

If we take to heart the three great, and only, principles upon which our recovery can be assured—economy, industry and increased production—I think we may look forward to the year we are now entering upon with great hope that it will be pros perous.

But the state of affairs upon the Continent fills us with dismay.

Unrest, with all its dangerous attributes, still continues. Famine exists in many countries. Raw material for the purpose of production is wanted in all. Owing to the lack of exports, the depreciation of money increases.

The savings of the past are being lost,

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and unless remedies are promptly applied it is feared that a gradual, but persistent, spreading of bankruptcy and anarchy must ensue.

With the view of consulting as to the possibility of suggesting ways to meet these alarming conditions, a memorial, signed, with others, by the chairmen of the five big banks, has been presented to the Prime Minister.

Similar, but in the case of America not identical, memorials have been presented to other Governments, to suggest a conference for the purpose of examining the situation, and of recommending, if considered necessary and advisable, to whom and by whom assistance should be given, and on what general conditions.

It is to be hoped these memorials may have weight, and something be done as soon as possible.

W. H. Neville Goschen, National Provincial and Union Bank:

We know how often we are led into difficulties, and I cannot help thinking that we should do better to stick to the "high road" of economy and work, which, although arduous and unpleasant, must eventually lead to strength and prosperity.

The Chancellor of the Exchequer has told us that we have reached the point when he expects that it will not be necessary for him to borrow any fresh money for current needs.

If this expectation is fulfilled the ground will be cleared for dealing with the questions of a depreciated currency, high prices, and adverse exchanges.

These latter conditions are the direct consequences of the loss and expenditure during a war of unparalleled magnitude, in which this country bore the burden, not only of its own forces by sea and land and air, but also in great measure of Allied Armies in addition.

It now remains for us to put our house in order, to reduce national expenditure to an amount commensurate with our limited resources; to avoid heroic measures of excessive taxation, which hamper development, to give free play to individual enterprise, and set to work, whatever our class or calling, to the utmost of our capacity.

Then, if we are called on to hold out a hand of assistance to nations less favorably situated we can require them to enforce similar economies and prove themselves efficient in production. By no other course can we discharge our obligations or can they regain a position in the commerce of the world.

Capt. Gerard Powys Dewhurst, Williams Deacon's Bank:

Mr. Hoover, apropos the volume of European financial needs, after denying the necessity of the United States Treasury being further drawn upon for new loans, and insisting that the great bulk of these needs can be met by ordinary commercial credits, concludes with these words:

"The world needs to get away from the notion of Government help, both internally and externally, and get back to work and business."

I think, gentlemen, that if the powers that be would deign to follow such advice this country would progress a long way in the direction of recuperation and reconstruction of trade.

Edward Paul, Bank of Liverpool and Martins:

Our purchases from America and other countries—first for war purposes and latterly for the replenishing of our stocks of raw materials—have turned American exchange and some other important exchanges violently against us, and these can only be rectified by a great increase in our exports.

Accordingly, from the exchange point of view, the present foreign demand for cotton, woolen and other manufactured goods is most welcome. The extent of this demand, however, contains elements of risk, to which we have not hitherto been accustomed.

To all appearance there seems to be no limit to the world's demand for commodities and no limit to the price which depleted markets will offer; hence the tendency is to accept orders at ever rising prices, covering these by purchases of raw material at prices which have never been contemplated in any epoch of our commercial history.

With such prices there is abundant scope for a fall in values. If any great market were to receive an unexpected check there might be an immediate fall in that market and possibly a sympathetic fall in other directions.

I confess that I cannot see any sign at present of trouble of this kind occurring. But I do think that the circumstances of the time demand that business men should rather take in sail than crowd the canvas; in other words, that they would be well advised not to stretch their financial commitments too far.

Reserve Board Issues Foreign Banking Regulations

REGULATIONS have been issued by the Federal Reserve Board for administration of the amendment to the Federal Reserve law recently adopted by Congress which was introduced by Senator Edge, of New Jersey, and allows the incorporation of institutions to engage in international or foreign banking or other financial operations (national banks, individuals, firms and other corporations being permitted to invest in their stocks).

Governor Harding, of the Federal Reserve Board, in announcing the regulations, said:

"While the public discussions for the purpose of this law have emphasized the fact that it is to permit American investors by means of Federal corporations to assist in the reconstruction of Europe at a time when such assistance is most vitally needed, nevertheless, the real purpose is a broader one, that is, to provide for the establishment of a Federal system of international banking or financial corporations operating under Federal supervision, with powers sufficiently broad to enable them effectively to compete with similar foreign institutions, and to afford to the American exporter and importer at all times a possible means of financing his foreign business. Although it is true that the immediate effect of the operation of corporations under the terms of this section may be greatly to aid in the extension of much-needed long-term credits to Europe, that effect is in reality only one incident to the permanent development of the American export market."

RESTRICTIONS IMPOSED

The board, according to Governor Harding, "while realizing the importance of making its regulations sufficiently liberal to enable corporations operating under them effectively to compete with foreign institutions or state institutions doing a foreign business, has been impelled by the ordinary

principles of banking prudence to impose restrictions which it believes will ultimately do much to command the prestige and public confidence upon which must depend the success of every corporation of this character."

Details as to incorporators, capital stock, &c., are demanded by the regulations, which also provide that no corporation issuing its own bonds, debentures or other obligations, or having the word "Federal" in its title, will be allowed to use the word "bank" as part of its name.

At least three of the directors must specify that each director is an American citizen, that a majority of the stock is American-owned, that twenty-five per cent. of the capital stock has been paid in cash, and that each shareholder has individually paid in twenty-five per cent. of his subscriptions. No corporations may be organized with less than $2,000,000 capital stock.

"To preserve the American status of a majority of the capital stock, directors must approve all stock transfers, and recipients must make affidavit whether they are American or foreign. The directors must refuse transfer of stock which would result in fifty per cent. being held contrary to law. The regulations read:

"If at any time by reason of the fact that the holder of any shares of the corporation ceases to be a citizen of the United States, or, in the opinion of the board of directors, becomes subject to the control of any foreign state or foreigner or foreign corporation or corporation under foreign control, fifty per cent. or more of the total amount of capital stock issued or outstanding is held contrary to the provisions of the law or these regulations, the board of directors may, when apprised of that fact, forthwith serve on the holder of the shares in question a notice in writing requiring such holder within two months to transfer such shares to a citizen of the United States or to a firm, company or corporation approved by the board of directors, as an eligible stockholder."

If the shares are not transferred, they are to be forfeited to the corporation.

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BUSINESS ONLY ABROAD

Under the regulations no corporation shall carry on any part of its business in the United States except such as shall be incidental to its international or foreign business, although agencies may be established in the United States, with the approval of the Federal Reserve Board, for specific purposes.

Except with the approval of the Federal Reserve Board, no corporation shall invest more than fifteen per cent. of its capital and surplus in the stock of any corporation engaged in banking, or more than ten per cent. in the stock of any other kind of corporation.

No corporation shall purchase any stock in any other corporation which is in substantial competition therewith or which holds stock in such corporations. This restriction, however, does not apply to corporations organized under foreign laws.

No corporation shall issue debentures, bonds, notes or other such obligations without the approval of the Federal Reserve Board, but this restriction shall not apply to notes issued in borrowing from banks or bankers for temporary purposes not to exceed one year.

No corporation shall offer for sale any foreign securities with its indorsement or guaranty, except with the approval of the board.

ACCEPTANCES REGULATED

Provision is made for acceptance by a corporation of drafts and bills of exchange drawn upon it "which grow out of transactions of the kinds which form the basis of eligible bankers' acceptances under the terms of Section 13 of the Federal Reserve Act." A fifteen per cent. reserve must be maintained against thirty-day acceptances or of less time, and three per cent. against acceptances of greater length than thirty days.

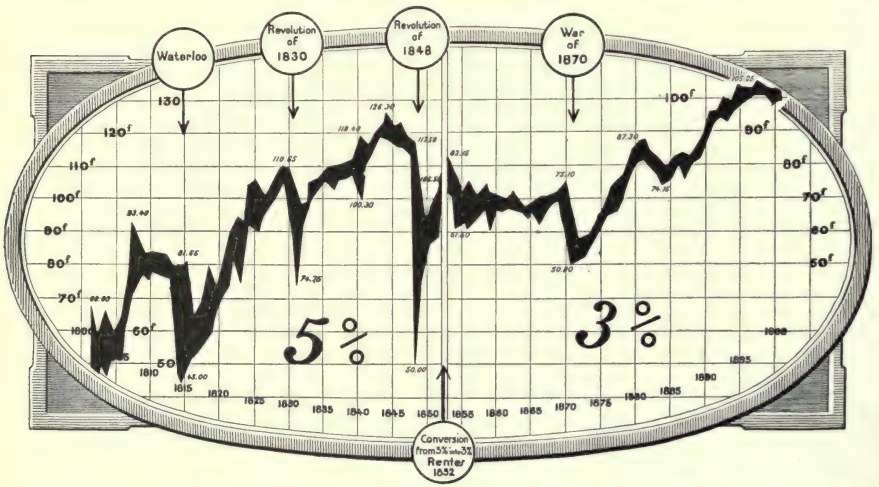
Regulations governing deposits provide that no corporation shall receive in the United States any deposits except such as are incidental to, or for the purpose of carrying out transactions in foreign countries or dependencies of the United States where the corporation has established agencies, branches, or where it operates through the ownership or control of subsidiary corporations. Outside the United States a corporation may receive deposits of any kind from individuals, firms, banks or other corporations unless such corporation has any of its bonds, debentures, or other such obligations outstanding. In that event it may receive abroad only such deposits as are permitted in the United States.

Against all deposits received in the United States, a reserve of not less than thirteen per cent. must be maintained. Against deposits received abroad, the corporation shall maintain such reserves as may be required by local laws and by "the dictates of sound business judgment and banking principles."

Single borrowers, either as individuals or as companies, are limited to not more than ten per cent. of the capital and surplus, except with the approval of the Federal Reserve Board.

The aggregate of a corporation's outstanding liability must not exceed ten times the amount of the subscribed capital and surplus. Bills of exchange with not more than six months to run are not considered liabilities.

Corporations must make at least two reports annually to the Federal Reserve Board and will also be examined by Federal Reserve agents at least once a year.



This chart shows the fluctuation in the value of the French rente during the various wars which the nation has passed through since 1800

Greek Exchange During 1919

By Alex N. Diomedes

Co-Governor of the National Bank of Greece

DURING the first months of 1919 the rate of Greek exchange did not show any signs of unsteadiness. Its parity to the dollar has remained unshaken since 1915, as a basis quite rightly fixed by the government of the bank in order to preserve in full the measure of value of the internal currency in a surrounding of perturbed foreign currencies. A true picture of our financial position is shown by the constant rise during the last years of the level as well of the free balances of the law G X M B, as also of those of the National Bank. It indicated the way to be pursued.

From the middle of 1918, however, a fall of the balances began to be noticeable. At the beginning of 1919 we still possessed, on the other hand, a strong reserve with the foreign banks of 318 millions, which would permit the National Bank to successfully protect the value of the drachme against any tendency of depreciation.

For reasons which had been beyond our control, we perceived at the middle of 1919 some distinct signs that the situation was undergoing a change. Once the financial solidarity of Europe with the United States ceased to exist, we witnessed a rapid fall of the currencies of the European countries with which Greece is connected by a continual financial intercourse. At the same time we observed on the one side a rapid efflux of capital from the country and on the other hand a check in the imports of funds. An immediate effect of these reciprocally connected causes has been the faster fall of the level of the balances of the law G X M B. Thus, during the last half year they fell from 318 to 233 millions, that is, they were reduced by 85 millions.

Since that time we observed a still more rapid fall, intensified during the last months on account of the now constantly repeated necessity for drawing from the resources of the law the funds which were needed for foreign payments.

This outlook naturally attracted the immediate attention of the Bank, which discussed and studied its various aspects with the Government in their common frequent deliberations.

Ever since it has been clearly discerned by the Bank that despite the existence of a second line of entrenchments, comprising the advances of the Allies, it would be an impossibility to maintain inviolably to the very end the original basis, which at the beginning was the right one. It was seen that on account of the ever increasing demands of commerce and state, the influence of the constant fall of the exchange rate of most of the European countries and lastly also the unbalanced psychological factors, a change of policy would sooner or later be necessary.

Nevertheless, it was thought to be indicated, even from the spirit of the law, at least as long as therein were comprised free balances—to make a last attempt to defence, in order to preserve the parity of the internal currency. Such a policy would, of course, necessitate a loss to the balances of the law, once the exchanges obtained at a higher rate were to be given at a lower rate. It was, however, found that the concrete gain, which the whole community would derive by such a policy of a defence of the value of the drachme, as far of course as it was possible, was fully justifying the loss from this source.

The loss was to fall exclusively upon the account of the law, not burdening the National Bank. The Government decided to apply also here the principle contained in Article 8a of the Law G X M B, according to which, the eventual gain or loss derived from the alternate increase or decrease of the difference on exchange emanating from the disposal of the advances of the Al-



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lies, is to be accounted in favor or against the State."

Thus, from the first of October to the 10th of November there were disposed the following sums, representing sales to cover the needs of commerce and state:

(*a*) For 41,000,000 the purchasing rates of which have been the following:

20,000,000	..... at	par
5,000,000	..... "	90.375
16,000,000	..... "	89.563

on the basis of the then parity to the dollar, at a middle rate of 0.63.

(*b*) £1,680,000 of a purchasing price of 25.10, at the basis of the same parity, disposed at the middle rate of 23.31.

From the above sales we suffered a loss in exchange, in charge of the funds of the Law, of 36,311,000 drachmes.

This policy, however, has not been found advisable after the exhaustion of the balances of the Law. From that time the rate of the Greek exchange became free, after a common agreement between the Government and Bank. The balances derived from the advances of the Allies are to be employed during 1920 on account of the exceptional needs, according to a special law, only for the special provisions of the state and for provisioning.

As it appears from the above, the loss of 36 million has been entirely provisional. Since the time when the disposal of the advances in dollars and pounds began to be made on the basis of the current rates of these currencies, which are higher than the rates, at which these advances have been obtained, we observe that the difference derived from this source comes to the credit of the exchange difference of the disposed funds of the law. Thus, we find until now that from the disposal of $6,780,000 and £600,000, there has been covered a difference of Dr. 10,983,000. In time it is obvious that the entire loss which occurred, as it is stated above, will be made good.

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[Yokohama Shokin Ginko]

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Capital paid up . . . . . Yen 74,000,000
Reserve Fund . . . . . Yen 44,000,000

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In order to obtain positive conclusions from an inquiry of the tendency of the Greek exchange, we must first ascertain the reasons for the present depreciation, if it is of a chronic character, or a passing condition destined to disappear, whether the causes are due to a present deficient financial balance, or whether they derive from deeper sources, which are connected with the intrinsic value of the circulating medium.

There is not the least doubt that since the armistice new factors appeared in the financial life of the world, from which Greece could not remain uninfluenced.

The exhausted markets of all European countries endeavored to cover their needs all at the same time. The scarcity of the means of transportation, the rise of wages everywhere, the dislocation of production, the tendency to an excessive consumption, the universally observed unbridled tendency of profiteering, the general diminution of the purchasing power of money, and lastly, the policy of the United States to cease granting any new credits to the European countries, all these factors contributed to the tremendous rise of prices. Calculations based upon the principles prevailing until now were rendered impossible, nor was it possible to make any comparison with the past. An unsound financial situation was created excluding any stable foresight or any effective precautionary measures.

During 191⁰ the trade balance was adverse also towards Greece. We had a large and unreasonable increase in the importation of every article of merchandise, useful and unuseful. These imports, however, were not only replacing the stocks, which had been consumed during the war. It can positively be stated that commerce proceeded to import beyond the limits of the consumptive power of the people, mobilizing in goods hundreds of millions of drachmes, providing quantities of goods, which will be sufficient to cover the needs of the country for a long time to come.

A large amount of Greek Exchange has also been employed for the purchase of goods which have been re-exported to the neighboring countries, without unfortunately securing an equivalent exchange. Large sums have also been invested in depreciated foreign currencies, with the hope of getting an easy gain.

The rapid repatriation of Greek securities must have also contributed to this unfavorable result. The acquisition of securities representing debts of the country towards foreign countries, owing to favorable conditions, increased the demand of Greek Exchange at a time when it ought to have been jealously guarded, only to be disposed for the necessary needs of the country.

Besides these reasons, which are mostly due to a tendency of taking advantage of the situation for an unreasonable speculation, there are also some other causes of even an unavoidable nature, which must have also exercised a deep effect upon the results of the year.

Owing to circumstances, the state has been a great consumer of exchanges. For provisions, mostly of a military character, there have been spent 80 millions.

On account of the bad crops of the year, of the rise of the prices of cereals, of the necessity of the maintenance of hundreds of thousands of refugees, whose repatriation during the present year will be completed, on account of the remittance to Thrace and the provinces of the Pontos of abundant articles of necessity for the needs of the destitute Greek populations in these countries, it was necessary to import a larger amount of goods than in normal years.

Thus, for food of every description, as also for a larger importation of coal, we have disposed of more than 150 million drachmes in comparison to the preceding year.

And while imports increased in such an unusual extent, we observe that the corresponding exports have considerably decreased, not because of a shortage in exportable articles, but owing to a provisional relaxation of the demand. The export trade was carried on not in a satisfactory manner, encountering during the year very great difficulties on the one hand owing to high prices, and depreciation of the currency of most of the countries, with whom Greece is trading, on the other hand on account of the prevailing high freights and a lack of means of transportation.

Not the least important influence was the curtailment of a source from which Greece derives an essential portion of her assets. During the last year Greeks living abroad, who in the last year especially remitted abundant funds to Greece, partially relaxed their remittances. This is to be attributed on the one hand to the fact that much money is now employed to the reconstruction of our merchant fleet, which during the war, has been considerably reduced. It is calculated that up to now over 12 million pounds Sterling have been disposed of for this purpose. We observe on the other hand that the depreciation of foreign currencies constitutes a provisional delay in the removal of funds of such a category.

All these cases constitute the chief factors of the history of last year. However, the events of that year bear distinctly the stamp of temporariness.

The year 1919 inaugurated a period of peaceful reconstruction. Adaptation to the new conditions encounters difficulties, entailed by the needs and the customs of the state of war for many years. It would be a fault, therefore, should the consequences of a year so abnormal and of universal lack of economic equilibrium, lead us to more general conclusions, outside of the sphere in which they have been produced.

The capital accumulated in Greece during the war, and which the barriers of circumstances rendered it impossible to be used at will, rushed irresistibly abroad to find a profitable use. On the other hand, the inflow of capital relaxed, because the situation itself was not favorable to such an inflow. Consequently, the operations in foreign exchange, of a purely commercial character, of the Na-

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tional Bank of Greece, which is the chief channel for the import and export of capital into the country, were for the last year as follows:

Bought .....569 millions
Sold .....936 millions

The difference between exchange bought and exchange sold in 1919, was, therefore, 367 millions, as against a difference of about 120 millions in 1918. The amount of 367 millions may be considered as the economic deficit of the year. It has been covered out of the funds available under the law G X M B, against which the market has drawn for its needs over and above the offer of foreign exchange.

We believe, however, that the deficit in question will be temporary. Firstly, owing to the interaction itself of the rates of exchange and the general economic balance of the country. The lack of equilibrium produced of course temporary fluctuations, which, however, time will bring to balance, especially when the economic data give evidence that the inequality of the assets and liabilities of the country is quite transient.

We are besides entitled to expect that the Greeks established abroad, will start again bringing to Greece their plentiful earnings, as in the past (the restrictions having by now been repealed), and that the emigrants will continue remitting their savings.

The most reliable expectations may be held as regards the latter, from the results of last year. Whereas the emigrants' remittances from America in 1918, through the National Bank of Greece only, were 114 millions, they reached in 1919 the amount of 355 millions, say 240 millions more.

But, in addition, the country is disposing, through the National Bank of Greece, for its needs and to meet an eventual larger demand than supply of foreign exchange, the credits of the Allies, which after the necessary steps have been taken, are now effective at

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the treasuries of Great Britain, France and the United States.

These credits amounted on December 31, 1919, to francs 514,000,000; £14,274,385; $48,239,266. Against these credits, which are being gradually liquidated, in proportion to our needs, there have already been placed at the disposal of the National Bank of Greece, for the needs of the country: $10,000,000; £3,460,000.

If the free utilization of these credits was protracted at first by delays due to inevitable administrative formalities, these are now gradually disappearing. In the month of June, the term of six months stipulated in the covenant falls due, and the credits will be placed thereafter to our disposal without the restrictions, which were hindering their immediate use. Their intermitting influence will become then apparent, and the National Bank of Greece will be enabled, through their active interference, to exercise its regulative function.

But if the actual depreciation of the Greek drachme is a phenomenon not due to an organical enfeeblement of our national economy, it cannot also be attributed to causes of monetary nature, affecting the intrinsic value of our money.

Happily Greece has not been forced by the circumstances to recur to an uncovered circulation. The bank notes issued during the whole war period have a full corresponding cover in actual credits at the treasuries of Great Britain, France and the United States. These credits are available immediately now, and their today's value is higher than the corresponding issue of bank notes.

A detailed investigation of the actual value of these covers brings us to this certain conclusion.

On December 31, 1919, the total of bank notes in circulation under the law G X M B was 1,193,941,000 against which there existed credits of a nominal value of 1,226,108,000. The differ-

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ence between the bank notes in circulation and the credits, say Drs. 32,167,-000, constitutes the difference of exchange according to Section 2, of Article 8a, of the law of G X M B, which stipulates that: "In case there is a depreciation of the foreign exchange as compared with the Greek drachme, this exchange and the credits are entered at par in the assets of the National Bank of Greece, the difference between them and the bank notes issued being entered in the liabilities of the National Bank under the heading 'Difference on exchange from funds available according to the Article 8a, law G X M B.'"

This difference results by taking:

Francs	300,000,000	at	0.914
£	11,895,321	at	24,684
Mks.	80,000,000	at	0.92.

Above rates were the current rates at the time these credits were obtained by the bank and corresponding bank notes were issued by it.

By estimating now these credits, instead of at the original, at average rates, say, francs at 0.64, £'s at 30, dollars at 8.50, Mks. at 0.12 and roubles at 0, their actual value amounts to Drs. 1,233,854,000, as against a circulation of Drs. 1,193,941,000. A surplus of Drs. 39,913,000.

Since, however, there have been sold at rates lower than the above ones:

$5,000,000	at	6.656
$1,780,000	at	7.13
£ 537,146	at	22.41
£ 62,854	at	25.40

From these sums a loss of approximately 16,000,000 has been realized. And if the credits in Mks. be not taken at the current rate of 0.12, but their value of 9,960,000 be entirely written off, there remains a net surplus of approximately 14,000,000, and thus, against a circulation of bank notes of 1,193,941,000, there is a cover of 1,208,-000 real value, say, equal to 101.2%.

Olympic Games in Historic Antwerp

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NEW YORK AGENCY, 64 Wall Street

The total of our actual circulation on December 31, 1919, was composed of:

	Drs.
1. The balance of the old loan against forced circulation for account of the State, say	50,951,915
2. Notes circulating for account of the national bank, say.	130,354,100
3. The notes circulating under the law G X M B, say....	1,193,941,070

Consequently, the relation of the above special cover of credits, say, of Drs. 1,208,239,000, to the total circulation of Drs. 1,375,247,085, is at the ratio of 87.85 per cent. and this without taking into account either the specie cash of the bank, nor any other item of its assets.

It should be taken into consideration, moreover, that the notes circulating for account of the National Bank have the full covers prescribed by the statutes of the bank and the respective laws, in specie and short date advances, as if these bank notes were not under a forced circulation.

Thus, while almost all the countries, not only the belligerents, but even many of the neutrals, forced by the circumstances, proceeded to successive issues of uncovered notes, in order to meet purely public expenditure, Greece has not resorted to such an action, having always kept a high ratio between the cover and the circulation, at a time when in other countries, stronger than ourselves, the ratio was reduced to unusually low levels.

This tendency necessarily brought about elsewhere an inflation of circulation beyond any measure, rendered it really plethoric, and contributed, for this special reason also, to a reduction of the purchasing power of the local money. Contrary to this, Greece has maintained a reasonable measured limit, even despite the extension of the territorial radius of circulation of the drachme.

From 1915 up to date, say for a full period of five years, our circulation is about four times larger, from 375 millions having reached 1,375 millions, whereas that of the majority of the belligerent countries has increased nearly seven times.

Finally, the proportion of circulation per inhabitant is Dr. 240, which amount cannot be considered as abnormally high, taking into consideration that business is transacted now-a-days almost on a cash basis, and that we do not use at all the system of making payments through the banks, which has been adopted by other countries, especially during the war.

The per capita circulation of most of the other countries is much higher. We mention below only those states of Continental Europe, which have shown the greatest financial strength:

Circulation per Capita	
France	963
Italy	314
Holland	311
Portugal	294
Norway	254



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Tela

Colombia

American interests in Colombia are served by our affiliate, the Banco Mercantil Americano de Colombia.

Due to transportation conditions between its commercial centers, Colombia has always presented a difficult problem to the American exporter or importer interested in its trade development. As an instance of this, if an agent has been appointed in Bogotá, the capital and largest city, it is difficult for him to act also as representative in Barranquilla, the largest port, since a journey of eight days separates the two cities.

In the handling of collections or other export trade transactions, the advantages of dealing with a bank having branches at all the important commercial points of Colombia will be readily appreciated by the American banker and his clients. The Banco Mercantil Americano de Colombia, affiliated with the Mercantile Bank of the Americas, has branches in eleven of the most important commercial cities and is the only bank in Colombia which covers the country thoroughly.

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From the above detailed elucidations, we think we are entitled to conclude with certainty:

1. That our national wealth seems to have sufficient strength, and that, therefore, on this side, no probability appears of an influence more persistent than our economic equilibrium.

2. That our credit circulation, based on safe covers and not increased above the measure of social needs, does not suffer from an intrinsic monetary debility, necessitating the adoption of special remedies, as is the case with most of the other countries.

Consequently, the depreciation of the Greek drachme, insofar as it is higher than the ratio at which our whole circulation stands uncovered, seems not to be justified, and we can assume that, unless we face adverse circumstances, beyond the reach of our influence, the presently noticed sharp decline of our local money, will be only temporary.

Notwithstanding the vigor of our national economy, however, the peculiar nature of the monetary questions should not be lost sight of. No country, whatever strength it may possess, can ultimately avoid the influence of monetary diseases affecting other countries, which are potent factors in the world's economical life. And this, because isolation in economical life is impossible, and were it even attainable, it would only prove to be in fact injurious.

On the contrary, the basis of economic relations is universal solidarity, the result of which is a necessary interaction of prices almost in every part of the world.

First Bank Formed Under the Edge Law

THE first banking organization to be formed under the Edge law has been approved by the Federal Reserve Board and will probably begin to do business about June 1. The name of the new concern is the First Federal Foreign Banking Association, and it will have a capital of $2,100,000 composed of 21,000 shares with par value of $100 a share, 1,000 of which will be founders' or managers' shares. All of the stock has been underwritten at $105 a share and no public offering will be made.

Representative banks and financial houses are associated in the new organization on behalf of manufacturers in their respective localities. The offices of the association will be located temporarily with Aldred & Co., at 42 Wall Street. At present there are associated in the new organization the following:

Aldred & Co., Bank of the Manhattan Company, the New York Trust Company, the Liberty National Bank and Tucker, Anthony & Co., all of New York; the Citizens Commercial Trust Company, of Buffalo; the American Trust Company, of Boston; the Merchants National Bank, of Worcester; the Chicopee National Bank, of Springfield, Mass.; the Commercial Trust Company, of Philadelphia, and the First Bridgeport National Bank, of Bridgeport, Conn.

W. S. Kies, of Aldred & Co., ex-Vice-President of the National City Bank and the American International Corporation, will be Chairman of the board, and the bank's Advisory Management Committee will be J. H. Perkins, J. E. Gardin, J. H. Maxwell and F. H. Payne. In addition to the foregoing, the Directors of the bank will include J. E. Aldred, Stephen Baker, Mortimer N. Buckner, A. B. Chapin, N. P. Clement, F. A. Drury, H. J. Fuller, Alba B. Johnson, R. E. Jones, W. B. Lasher, George A. MacDonald, J. H. Mason, E. S. Wolfe and W. L. Wright.

In a statement regarding the organi zation of the bank Mr. Kies said:

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"In passing the Edge bill, Congress has provided machinery, in the form of international banks under Federal charter and under the direct supervision of the Federal Reserve Board, for the financing of this country's export trade. The great depreciation of European currencies in international exchange has erected a barrier against the export trade of the United States. Manufacturers who have built up substantial markets for their products, particularly in Europe, through years of effort, are finding it increasingly more difficult to continue the sale of their goods. European purchasers of our products are unwilling to settle at existing rates of exchange, but in many cases are willing to continue to do business on the basis of secured credits in the belief that as the work of rehabilitation progresses production will increase, and that within a reasonable time exchange will show a favorable improvement.

"Up to the present time, however, the American manufacturer has had no banking facilities enabling him to meet this situation or permitting him to compete in foreign markets on a credit basis. The commercial banks of this country are deposit banks obtaining their working capital from their depositors. The principles of sound banking require that their funds be kept liquid and that credits issued by them be for a short time only. The Edge bill in effect provides for the establishment of a new kind of bank which shall obtain this working capital from the investors of the country through the sale of the bank's obligations or through the use of its guarantee in connection with the paper of American manufacturers and exporters, based in turn upon the credit of their foreign customers.

"In the organization of the First Federal Foreign Banking Association this plan has been followed. A group of banks selected in various important manufacturing centres of the East have underwritten the capital stock for the benefit of manufacturers in their localities who are interested in foreign trade. The stockholders of the new bank will, therefore, be manufacturers and banks. The manufacturers, in contributing their business to the bank, will share in the profits of such business. The banks will act as the distributing centres for acceptances, guaranteed paper and other obligations issued by the bank. The new bank, therefore, has the features of a mutual company through which the manufacturers who are stockholders will obtain capital for financing their foreign business from the investors of the country, and in furnishing business to the bank will participate in the profits of it. A line of discount on foreign paper bearing some proportion to the capital in-

vested will be granted to manufacturers who are stockholders. In effect, therefore, the proposed plan of organization contemplates that manufacturers interested in foreign trade shall, through their stock ownership, provide a margin in the shape of capital which will furnish an additional security for the obligations to be issued to the public."

Overseas Securities Corporation Organized

ANNOUNCEMENT has been made of the formation of the Overseas Securities Corporation, which will deal in foreign securities of established value and will finance itself both by the sale of its own stock and, ultimately, by the issuance of its own debentures. The company, which is designed along lines similar to those followed in the creation of the Foreign Finance Corporation and the Foreign Bond and Share Corporation, is being fathered by interests identified with Bernhard, Scholle & Co.

The new company will have an authorized capitalization of 5,000 common shares, of $1,000 par value, and 10,000 managers' shares, of $10 value. For the present 2,000 of the common shares and slightly less than half of the managers' shares will be issued, the remainder being held in the company's treasury, to be issued as occasion may require.

The company will have a board of directors which will be composed of Duncan A. Holmes, Vice-President of the Chase Securities Corporation; Royall Victor, of Sullivan & Cromwell; Frederick T. Walker, of the Royal Bank of Canada; Arthur J. Rosenthal, Morton H. Fry and Edward S. Baruch, of Bernhard, Scholle & Co.; H. C. Quarles, Vice-President of the Second Ward Savings Bank, of Milwaukee, and L. W. Mayer, of Rogers, Mayer & Ball, of New York. It is planned to obtain the services of a number of bankers and others familiar with financial matters and resident in Europe. These men will be formed into an advisory board, although they will not be directors of the company. The personnel of this advisory board will be announced later.

For their services in conducting the affairs of the company, the directors are to receive five per cent. of the net profits, but only when and as dividends shall be paid to the shareholders. These payments to directors will be charged as expenses against the company's earnings. The remainder of the earnings, or the net after all charges, will be divided in the ratio of twenty per cent. to the managers' shares and eighty per cent. to the common shares.



Sweden Suspends Specie Payments

THE Liberty National Bank, of New York, in its monthly bulletin on Scandinavian trade conditions reports as follows on Sweden's suspension of specie payments:

Sweden has suspended specie payment until September 30, 1920. The bill, which later became a law, was introduced in the Lower House of the Swedish Parliament on March 15 and passed the next day by a majority of one. The Upper House, debating the bill at the same time, passed it a day later.

The bill was introduced at the instance of the Government with the avowed object of assisting in enforcing its prohibition on the export of gold. While gold payments had been practically suspended in nearly all European countries since the Armistice, Sweden refused to take any such extreme measure up to this time. Several explanations of this action have been advanced by authorities familiar with the situation.

It has been intimated in some quarters that the Swedish Government was influenced to take this course in suspending specie payment in order to neutralize the effects of propaganda carried on by certain political economists. These men had suggested to the people that they might reduce the high cost of living by forcing the Government to reduce the amount of the outstanding paper currency to such an extent as to influence prices generally.

The theory was that the prices would come down and money would be more valuable if there were less of it in circulation, and that the way to make the Government act to that end was to present the paper money in quantities for redemption in specie.

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Capital, Surplus and Undivided Profits Over Fifty-five Million Dollars

This method, though employed to bring about a desirable end, could not be tolerated since it decreased the ratio of the gold reserve to outstanding currency.

The Swedish Government also took the stand, ostensibly, that with exchange favoring the United States, for instance, to the extent that it does, as against Sweden, there is a constant temptation to convert paper money into gold at par in Sweden, send the gold here and exchange it for Swedish paper money at the prevailing exchange rates.

Naturally the gold brings here many more kronen than were required for the original purchase of the gold from the Bank of Sweden. Such transactions drain the Swedish gold reserve without compensating advantage, and if repeated often enough constitute a menace to the reserve. The Swedish Government also seeks to discourage any latent inclination to hoard the metal, since throughout Europe generally it is very scarce and commands a premium unprecedented in modern times.

INCREASED GOLD RESERVE

The Bank of Sweden had, on February 21, 1920, a greater percentage of gold and bullion in its vaults in comparison with its notes in circulation than it had on December 31, 1914—just after the war began—or on any succeeding December 31 up to and including December 31, 1918, after the Armistice. The percentage of gold was at these dates approximately 35 per cent. In January, 1920, the percentage had become 41 per cent., which also prevailed on February 21 last.

This condition existed when the Inter-Scandinavian Foreign Exchange Conference met in Christiania on February 23 to February 25. Five bankers from each of the countries, Sweden, Norway and Denmark, participated in the conference to discuss foreign exchange and the general financial situation.

REFUSE TO RELEASE GOLD FOR EXPORT

The conference refused to recommend releasing gold for export. The export of gold it was said might reduce the government banks' holdings to such an extent that the gold reserve stipulated in the bank laws might be attacked, with the resultant weakening of the countries' credit abroad. The conference held that the free flow of Scandinavia's gold, while the movement of gold in other countries was still restricted, would be too hazardous an experiment.

The conclusion, therefore, was that no single group of countries working alone could escape from the existing evils and that the stabilization of foreign exchanges could be settled only by international co-

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CAPITAL (Authorized)	**$20,000,000**
SUBSCRIBED CAPITAL	**15,000,000**
PAID-UP CAPITAL	**10,200,000**
RESERVE FUND	**10,500,000**

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operation. In the meanwhile each country must determine its own financial policy.

Following the example set by Sweden the Bank of Norway by Royal Resolution, on March 20, suspended gold payment until further notice.

France's Financial Situation

PREMIER Millerand, during an interview given March 15th, to a representative of the Associated Press, spoke of the relations between France and United States and the conditions of international credit. He said, among other things:

We do not request cancellation of our debts. We only ask time to breathe and to recover our strength after four and one-half years of exhausting war. Our propositions are those which any debtor would feel right in making in the interest of both himself and his creditors.

If France is obliged to meet her obligations abroad, at present rates of exchange, she would be forced to pay two and one-half times what she owes. Thus, after spending for the common good 30 billion francs, borrowed from her friends, she would have to pay 45 billion francs as France's premium to these same friends. Of course, that is not what they mean to require from us.

We have given our blood, we have given our money; to ask us now to give more than double our debt is an anomaly that cannot fail to strike the most impartial judges.

Speaking of the question of exportation, Premier Millerand said further:

We ask nothing better than increased exports. We must first, however, manufacture and we cannot make the things for foreign trade until we have factories in which to manufacture them. Do our American friends lose sight of the extent of the devastation of the richest part of our territory; do they forget that we are still partly paralyzed and it will require years to recuperate our wasted manpower and restore the power of flourishing manufacturing centers?

The war cost us 600,000 industrial workers, 600,000 of our buildings were destroyed. Regions were entirely ruined, which in 1913 gave us 94% of our wool, 90% of our linen thread, 90% of our minerals, 83% of

our pig-iron, 70% of our sugar and 53% of our coal.

The war wasted our railroads to an unimaginable extent; 30% of our merchant fleet was sunk and our wheat production was diminished two-thirds, involving a deficit of 2 billion francs.

If France were deprived of her gold, it would bring on a financial crisis coinciding with the period during which the effects of war would be unrepaired. It would constitute perils of another order quite as great as those we were under from 1914 to 1918.

The reproaches of American financiers that France has been too slow in imposing taxes sufficient to balance the budget are made without due consideration to the extent to which the paying power of the country has been reduced, as shown by figures I have already given.

Besides sapping our economic power, the German invasion reduced the treasury resources 10%. Also, while the United States mobilized 17% of her men of an age to serve, we sent to the colors 89% of all our mobilizable men for an indefinitely longer period.

The paralysis of business as well as the prolonged absence of so many taxpayers resulted in a diminution of 23% in the yield of taxes in 1915, as compared with 1913. In 1916, when it appeared no longer possible to wait for the liberation of the invaded district in order to increase the tax revenues, new taxes were imposed and old ones increased until during the present year the yield of those taxes in force will amount to 12 billion francs. Further taxes now under discussion in the Chamber of Deputies will increase our revenue to 20 billion francs, or 4 times greater than the pre-war total.

Could France, impoverished in manpower, with her principal industries wiped out, be asked to make greater or speedier effort?

In conclusion the Premier declared:

France and the United States cannot afford to misunderstand each other, both countries must bear in mind that there are no dealings worth while in which each does not find an advantage. France is determined to rise from the ruins accumulated on her soil by the battle of nations. She will be able to make the necessary fiscal effort, taking all the measures the situation requires.

The Swiss Banking Association

THE report of the Swiss Banking Association of Zurich, Switzerland, for the year 1919 shows that the bank has enjoyed a very prosperous year, showing the biggest progress made since its foundation in 1912. The turnover increased 4,920 million francs or thirty-two and one-half per cent. as compared with 1918; deposits and bonds issued by the bank showed an increase of some 91 millions or thirty-two per cent. and net profits were larger by fr. 1,641,373.61 or 29.8 per cent.

During the past year the number of branches increased considerably, inasmuch as through the absorption of the Credit Argovien, the Banque William Cuenod & Fils S. A. and of Messrs. Weibel & Cie. branches were opened at Aarau, Baden, Laufenburg, Wohlen, Liestal, Vevey, Montreux, Fleurier and Couvet. The paid-up capital was raised from 50 million francs to 60 million francs and the reserves from 12.4 million francs to 15 million francs.

As on account of the formidable slump in exchanges, considerable apprehension reigned in many financial circles regarding the engagements of Swiss banks in general in the various countries with a weaker currency, it is of special interest to note from the report that ninety-three per cent. of the credits of this bank were granted to firms established in Switzerland, the policy of this bank having been to refuse all advances for speculative purposes. It can therefore claim that all funds lent have been granted for strictly commercial or industrial purposes. Moreover the debtors have been chosen with the utmost care, not only regarding their standing but also with regard to the line of business they are engaged in, which shows that the risk of said advances has been distributed with the greatest caution. The very few debtors residing abroad are chiefly firms who were clients of this bank long before the war. Yet ample provision has been made for those items.

The year 1920 shows a further expansion of this bank, inasmuch as the Banque H. Rieckel & Cie. in La Chaux-de-fonds and the Union Bank in Geneva, have been absorbed and as, further, on January 1 the Union de Banques Suisses opened a branch office in Basle. To provide for this further increase of business, this bank is at present issuing

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STATEMENT OF CONDITION MARCH 31, 1920

RESOURCES		LIABILITIES	
Cash on hand and in Bank	$888,187.59	Capital	$2,000,000.00
Due from Foreign Banks	1,543,534.67	Surplus	500,000.00
Current Accounts	563,169.01	Undivided Profits	148,967.34
Investments	1,000.00	Current Accounts	8,913,752.17
Demand Loans on Collateral	8,000,000.00	Acceptances	6,526,372.99
Other Loans	20,000.00	Letters of Credit and Foreign Acceptances	2,876,672.25
Bankers' Acceptances Purchased	757,732.85	Exchange Bought — Payment Pending	4,915,578.40
Other Bills Purchased	12,803.40	Foreign Exchange	1,688,727.33
Furniture and Fixtures	10,416.75	Reserved for Taxes, etc.	49,904.00
Accrued Interest, Commissions and other Items Receivable	28,988.43	Other Liabilities	20,839.48
Customers' Liability under Acceptances and Letters of Credit	9,065,128.10		
Exchange Sold—Payment Pending	6,749,853.16		
Total	$27,640,813.96	Total	$27,640,813.96

A general foreign and international banking business in all its ramifications transacted, with special facilities in connection with France and the French Colonies and Dependencies.

for frs. 10,000,000—new shares, increasing thereby its paid-up capital to frs. 70,000,000.

What America Must Realize

AMERICA'S position with regard to the International situation is summed up as follows in a lecture by John A. Todd, of Balliol College, Oxford; delivered to the staff of Barclays Bank, Limited, of London:

International action, not necessarily government action, may help a great deal. Countries like America must realize (1) that they cannot stop trading with Europe, because America can no more consume her own raw materials than Europe can do without them; (2) that they cannot be paid immediately in equivalent goods for these exports; (3) that they cannot take payment in gold for such enormous sums, e.g., America's excess of exports in 1919 was said to be 4,000 million dollars, and therefore (4) they must give credit. That does not mean that the seller of raw cotton must be out of his money indefinitely. It will probably be done by the constitution of large "trust" companies in America, which will buy selected European securities and raise the money by issuing their own stock to American investors.

But if America is to undertake this work, she will probably stipulate, for her own protection as well as for the good of the borrowers: (1) That the goods she lends must be used for production, not for destruction, such as war; and (2) that Europe must stop the further excessive issues of paper currency.

This means, in effect, that the proposed international body which is to regulate this new financing of Europe will, in effect, be a financial League of Nations, and the head of it must be the United States, which refuses to join the League of Nations.



French Capital in Bulgaria

THE part played by French investment in the economic life of Bulgaria has been very large, especially in regard to public finance. The funds of nearly the whole of the public debt of Bulgaria before the Balkan War were

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	($5=£)
Nominal Capital . .	**$12,500,000**
Paid-up Capital . . .	**3,750,000**
Reserve Capital . .	**3,750,000**
Subscribed Capital . .	**7,500,000**
Reserves	**2,825,000**
Surplus over Liabilities .	**10,325,000**

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raised on the Paris market. French capitalists were interested first in the loan, of 142 million francs in 1892 which was used to refund these debts and which was taken by a consortium of banks, which included the Ottoman Bank and "La Banque de Paris et des Pays-Bas." The same consortium granted, four years later, a loan of 13 million francs to the agricultural bank of Bulgaria. In 1902, a group of banks, at the head of which was still the "Banque de Paris et des Pays-Bas," advanced to the Bulgarian Government 102 million francs, and in 1904, 100 million francs additional.

In 1907, "La Banque de Paris et des Pays-Bas" floated a loan of 145 million francs, the last one raised in France. The same bank in 1912 floated Bulgarian Treasury notes, not to exceed 18 million francs. It is estimated that the Bulgarian loans in France reached a round sum of 600 million francs.

Aside from Government loans, French interests have taken a part in the development of local industry. Up to 1909, French capital investments in the latter did not amount to more than 300,000 francs. Since then, two sugar factories located at Philippopoli and Burgas have been founded with French capital. Investment in these two enterprises is much more considerable. In the first place, comes the "Crédit Français Franco-Bulgare," an all French institution with a capital of 20 million francs. Then comes the Balkan Bank, founded by the "Banque Union de Paris" and the "Wiener Bank Verein," and the "Banque Générale de Bulgarie," founded by the "Banque de Paris et des Pays-Bas" and a Hungarian Bank. French capital is also engaged in other banking institutions, including the "Banque Hypothécaire et Commerciale des Balkans." French money is also invested in Bulgarian public enterprises, such as the construction of the Sofia Roman railway, the Oktchilar-Dedeagatch branch of the junction line of Salonica-Constantinople.

The total amount of French capital invested in Bulgaria before the last great war was approximately 700 million francs.

Hongkong and Shanghai Banking Corporation

THE ANNUAL meeting of the shareholders of the Hongkong and Shanghai Banking Corporation was held in Hongkong on February 28, 1920. At the meeting the directors reported net profits for the year ending December 31, 1919, including $3,279,611.48 brought forward from last account, amounting to $10,666,473.57. This was after paying all charges, deducting interest paid and due, and making provision for bad and doubtful accounts and contingencies. At the meeting the directors recommended the transfer of $2,000,000 from the profit and loss account to credit of the silver reserve fund, making this fund $23,000,000. They also recommended writing off bank premises account the sum of $1,000,000.

After making these transfers, deducting the interim dividend of £2 5s per share, paid on August 11 last, amounting to £270,000 at 3s 6, and after remuneration to directors there remained for appropriation $6,093,616.43, out of which the directors recommended the payment of a final dividend of two pounds and five shillings sterling per share, or £270,000, and a bonus of three pounds ten shillings sterling per share or £420,000, amounting in all to £690,000, which at the rate of 4s 10½d, absorbed $2,830,769.23.

A balance of $3,262,847.20 was carried over to new profit and loss account.

The abstract of the assets and liabilities of the Corporation on December 31, 1919, follows, the sterling equivalents of the various accounts being shown at 4s 10½d, the rate ruling on the last day of the year:

ASSETS

	£	s.	d.
Cash (including $15,500,000 coin lodged with the Hongkong Government against authorized and/or excess note circulation)	16,954,180	17	0
Bullion in hand and transit	3,042,463	16	8
British Government, Indian, Colonial and other securities	4,693,561	1	0
Sterling Reserve Fund investments, viz.: £1,578,947 7s 5d 5 per cent. War Loan 1929/1947 at 95	1,500,000	0	0
Bills discounted, loans and credits	37,704,975	0	11
Bills receivable	37,681,280	1	10
Liabilities of constituents for acceptances, per contra	511,346	4	11
Bank premises	1,693,645	5	3
	£103,781,452	7	7

LIABILITIES

	£	s.	d.
Paid-up capital	3,656,250	0	0
Sterling Reserve Fund	1,500,000	0	0
Silver Reserve Fund	5,118,750	0	0
Marine Insurance account	60,937	10	0
Notes in circulation: (Authorized and additional issue against securities and coin deposited with the the Crown Agents for the Colonies, their Trustees, and the Hongkong Government)	7,438,495	11	10
Current accounts	56,558,921	12	4
Fixed deposits	25,638,267	11	2
Bills payable: (Including Call Loans and Short Sight Drawings on London Office and Drafts on London bankers)	1,081,914	17	3
Acceptances on account of constituents	511,346	4	11
Profit and loss account	2,216,569	0	1
	£103,781,452	7	7

Liability on Bills of Exchange re-discounted, £16,250,632 12s. 1d., of which £14,312,177 12s. 8d. have since run off.

Steps Toward Reconstruction

STEPS which have recently been taken by various countries with the view of making possible a complete and speedy recovery from the effects of the world war have been summarized as follows by the British Board of Trade:

Germany has borrowed 200,000,000 gulden from Holland in return for coal; 30 per



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DEPARTMENT OF ANALYSIS AND STATISTICS in charge of - J. S. Baley, Manager

cent. is to be spent on food of Dutch or Dutch Indian origin, the rest may be used to buy raw materials anywhere. Finally it may be noted that Germany has raised 3,800,000,000 marks by the premium loan and hopes to raise 50,000,000,000 marks by the emergency levy on fortunes over 5,000 marks, payment to be spread over twenty-eight years and over fifty years in the case of land.

Italy has received $4,110,000 from the United States Government, and has raised $25,000,000 privately in the United States for the purchase of locomotives. American bankers are reported to be negotiating a large loan with the Italian Government on the security of the sulphur mines.

Poland, according to the Minister of Finance, is borrowing in the United States $250,000,000 in specie, $80,000,000 are to be furnished by June 1 and a further $50,000,000 by August. The total corresponds to the estimated deficit in the extraordinary budget for 1920 and 1921. Poland is also understood to have raised a loan in Norway of 28,000,000 kroner for the purchase of goods.

Roumania having failed to borrow abroad except on too onerous terms, is trying to raise an internal loan for restoration purposes. Czecho-Slovakia is proposing an internal loan and a capital levy, and is treating with American financiers for a large dollar loan wherewith to found a note-bank; 300,000 bales of cotton have been purchased in the United States. Jugo-Slavia is attempting to reduce to order her mixed currencies.

The United Kingdom, France and Italy were negotiating a joint credit last year in the Argentine for 200,000,000 gold pesos for the purchase of foodstuffs. The United Kingdom later expressed its disinterestedness in the project, which, after having passed the Argentine lower house in January, appears to have collapsed. Canada in 1919 extended credits of $100,000,000 to France, Belgium, Roumania and Greece, of which $62,000,000 were not expended at the end of the year. It is reported also that a loan of $20,000,000 is being taken up to enable the Paris municipality to buy food for the municipal stores.

Belgium is raising an internal loan of 2,500,000,000 francs, 1,000,000,000 of which is to be devoted to retiring paper currency. Already 300,000,000 francs have been paid to the Banque Nationale in repayment of advances made on the withdrawn marks. In February the Government successfully raised $25,000,000 in the United States in one and five-year 6 per cent. notes on a 7 per cent. basis. A Dutch financial group has agreed to finance Belgian purchases of merchandise to the extent of 1½ milliard florins. These are to be paid for at the

normal rate of exchange, and the difference between the normal and the actual rates will be capitalized and redeemed by annual payments.

The French Government have cut 8,000,000,000 francs out of their year's expenditures, and have added 8,500,000,000 francs to the revenue expended in M. Klotz's budget; this additional yield includes 6,000,000,000 francs from a tax on the turnover of firms which do not themselves produce and sell merchandise but only act as middlemen on commission.

International Banking Notes

Festus J. Wade, President of the Mercantile Trust Company, of St. Louis, has been appointed Chairman of the American Bankers Association delegation to the meeting of the International Chamber of Commerce in Paris in June. The other delegates are John F. Hagey, First National Bank, Chicago, Ill.; W. L. Hemingway, National Bank of Commerce, St. Louis, Mo.; W. H. Booth, Guaranty Trust Company, New York, and John Bollinger, National Shawmut Bank, Boston.

"There is dire need for such an organization," says President Richard R. Hawes, in making the announcement. "We have selected this committee carefully and the ability of the members to attend was determined before their appointment. An international Chamber of Commerce should serve as a League of Nations for commercial interests, and go far toward a solution of our trade problems."

J. W. Beaumont Pease, Chairman of the British Italian Corporation, Limited, at a recent meeting of the corporation said, in part:

"From all the information at their disposal, the directors derive the conviction that the social and economic position of Italy is substantially sound, and that, provided a sufficient inflow of coal and raw material is secured to keep industries going, and avoid unemployment, no untoward event need be feared. Everything points to the belief that the country is rapidly recovering, and has the best possibilities of greater prosperity than ever before. The great mass of the population seems to be governed by the right spirit, and no exaggerated importance should be attributed to the sporadic political and social unrest which periodically appears here and there. The causes of it are more or less the same as everywhere else, but for the difference in temperament of our friends, which is apt to make them particularly sensitive to the disappointments which they have sustained in some of their dearest aspirations. But they are a strong and sensible people, and a visitor to Italy returns with the lively impression that the Italian people are determined to see their country through her present straits.

The May issue of the monthly review of the Banco Internacional de Cuba discusses among other interesting topics the following: the billion dollar sugar crop, the outlook for the tobacco crop, oil developments, Cuban foreign trade, American capital in Cuba, outlook for American business.

The Yokohama Specie Bank, Limited, has established a branch at Saigon.

The Jugoslav Bank, of Chile, was recently opened in Valparaiso with branch offices in Antofagasta, Punta Arenas, Puerto Natales and Porvenir. The bank has an authorized capital of $20,000,000, of which $10,000,000 is subscribed and $6,000,000 is paid up. The reserve fund is $100,000. The bank will conduct a general banking business and transact all classes of banking operations.

An organization similar in many ways to the American Bankers Association has just been started in Italy. It is called Associazione Bancaria Italiana (Italian Bankers Association), and has a membership of more than 100 banking institutions. The head office is at Milan.

As a step toward strict economy, the Minister of the Treasury has outlined the following campaign relative to Italy's internal policy: Reduction of expenses in every department of the Government through releasing unnecessary workers and the abolition of unessential bureaus; the abolition of all unnecessary offices and commissions; the return to private owners of buildings taken over during the war; the immediate sale of all perishable war materials; the curtailment of subsidies; increased agricultural

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D. GARCIA, Cashier
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Capital fully paid-up . . . (pesos)	6,750,000.00
Reserve Funds	4,250,000.00

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AGENTS

London: Nat'l Bank of Scotland, Ltd.
Spain: Banco Hispano Americano
Hongkong: Netherland India Com'l Bank
San Francisco: Wells Fargo Nevada Nat'l Bank
New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.
Paris; Comptoir Nat'l d'Escompte
Australia: Bank of New South Wales
Shanghai: Bank of Canton, Ltd.
Chicago: Continental & Commercial Nat'l Bank
Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

production through compulsory labor, if necessary.

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Total imports of the United States for the month of March, 1920, amounted to $523,977,957, as compared with $267,596,289 during the corresponding month in 1919. Exports were $819,858,306 as compared with $603,141,648 in 1919. Amongst imports the greatest increase was in crude materials for use in manufacturing of which $216,653,395 were imported in March, 1920, as compared with $99,773,313 in March, 1919. In the export group the greatest increase was in crude materials for use in manufacturing of which $225,132,489 were exported in March, 1920, as compared with $101,156,024 in 1919. In the export figures a falling off is noted in foodstuffs partly or wholly manfactured of which $136,363,503 were exported in March, 1920, as compared with $183,774,438 in 1919.

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Danish banks are hastening to avail themselves of the return of North Schlesvig to Denmark, according to the Liberty National Bank, of New York. Copenhagen Handelsbank has contracted with Schlesvig-Holsteinsche Bank to take over the branches of the latter in North Schlesvig. The Landmandsbank is erecting branch offices in all the important acquired towns and the Danske Andelsbank has purchased several "sparekasser" (Savings banks) in Schlesvig which will be opened under its name when the province is officially handed over to Denmark. Other banks are reported to have similar plans.

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The Mercantile Bank of the Americas has announced the opening of a branch at Ciego de Avila, Cuba, of its affiliate the Banco Mercantil Americano de Cuba.

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The Swiss Banking Association, which has its head office in Zurich and branch offices throughout Switzerland, has issued a very interesting and instructive booklet in English entitled, "Industrial Switzerland." Foreigners are too much inclined to think of Switzerland purely as a vacation country and tourist's paradise instead of the intensively industrial country that she really is. Switzerland's industry is described in this book.

Attention is called to the Commercial In-

Nordisk Bankinstitut A/S

Christiania, Norway

Paid up capital of 8 Million Kroner

Makes American business a specialty and offers its services to banks and bankers in the United States of America.

telligence Department of the bank, the aim of which is to bring foreign merchants and manufacturers into contact with Swiss firms and vice-versa. The bank has a paid up capital of Fr. 60,000,000 and reserves amounting to Fr. 15,000,000.

———o———

A new bank has been incorporated in Great Britain for the purpose of giving financial aid to the development of British foreign and domestic commerce, the Anglo-Baltic & Mediterranean Bank, Ltd., with head office in London, with an authorized capital of £1,002,500.

It is not intended to compete in the ordinary joint stock banking business. The bank expects instead to transact all branches of foreign banking business, including foreign exchange, insurance, commercial credits, freight forwarding and warehousing, as well as to conduct a special shipping department.

The bank intends to establish an agency for banks abroad and has received promises of support from banking institutions and business houses in Norway, Sweden, Denmark, Finland, Belgium, Holland, Italy, Switzerland, France, Spain, Portugal and the United States.

The directors are: Sir Thomas Wilton, chairman; Sir Joseph Davies, W. Graham Loyd, John Slater, Colonel W. E. Stanyforth, W. F. Whitwell and P. E. Sherwin, managing director.

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Reports from Great Britain state that Parliament is to be asked to authorize the Board of Trade to grant credits amounting to 26,000,000 pounds sterling at any one time, with a view to reestablishing overseas trade. Sums repaid are to be available for further credits. These credits will be available up to September 8, 1922, and must be repaid by September 8, 1925. Interest will be charged at the rate of 1 per cent. above bank rate, but in no case less than 6 per cent.

One hundred and fifty members of Parliament have already joined a new Empire development committee, which it is hoped will soon be composed of 200 members of the House of Commons. Arthur Bigland is president of the committee and Mr. Waddington is secretary.

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The Banque Industrielle de Chine has paid $1,300,000 for the thirteen-story offices of Andrew & Co., bankers at No. 27 Pine Street, New York.

———o———

The Bank of Chosen to commemorate the decennial of its establishment, has published a pictorial album containing over 300 pages of pictures and descriptions of the industries of Chosen and Manchuria.

The book constitutes a valuable source of information besides showing in an interesting way the remarkable development of these two provinces during the past decade.

———o———

In the article in the March number of THE BANKERS MAGAZINE on the economic conditions of France, an error was made in stating the capital of the Banque Nationale du Credit. This bank has raised its capital from 200 million to 300 million francs instead of to 100 million as was originally stated. The growth in resources of this bank during the last five years is shown in the following table:

	Francs
1915	386,755,826
1916	502,763,164
1917	827,082,986
1918	1,064,611,618
1919	2,645,316,927



Main Banking Room, United States Mortgage & Trust Company, New York

An Attractive Mezzanine Floor

FOR the purpose of providing additional needed space the United States Mortgage and Trust Company, New York, has completed extensive alterations and improvements in its main office, at 55 Cedar Street. The outstanding feature is a beautiful mezzanine floor which entirely surrounds and overlooks the main banking room. The construction employed is in strict conformity with that of the general interior, which has long been recognized as one of the most artistic and distinctive examples of bank architecture in the city.

The United States Mortgage and Trust Company was chartered in 1871 and now has a capital and surplus of $6,000,000 with deposits of over $70,000,000, according to its financial statement as of December 31 last. The directors and officers are as follows:

Directors: Charles S. Brown, Burns D. Caldwell, Lewis L. Clarke, Thomas DeWitt Cuyler, Sherman Day, Allen B. Forbes, Donald G. Geddes, Henry R. Ickelheimer, William A. Jamison,



JOHN W. PLATTEN
President United States Mortgage & Trust Company, New York



Main Banking Room, United States Mortgage & Trust Company, New York, showing the mezzanine floor

Julius Kruttschnitt, Chauncey H. Murphey, Robert Olyphant, John W. Platten, H. Hobart Porter, Mortimer L. Schiff, Charles B. Seger, Henry Tatnall, James Timpson, Arthur Turnbull, Cornelius Vanderbilt, George G. Ward, Thomas Williams and William H. Williams.

Officers: President, John W. Platten; vice-presidents, Chauncey H. Murphey, Calvert Brewer, Frank J. Parsons, Joseph Adams, William T. Law; vice-president and secretary, Henry L. Servoss; treasurer, George C. Hoffman; assistant treasurers, Harry W. Hadley, John A. Hopper, Charles S. Andrews, Jr., Eugene W. Dutton, Thomas F. Bennett; assistant secretaries, T. W. B. Middleton, Arthur Keevil and Robert F. Brown.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Ansley, D., Central Trust Co., San Antonio, Tex.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Baker, I. W., Mgr., Advertising Dept., Guardian Savgs. and Tr. Co., Cleveland, Ohio.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Banco Mercantil Americano Del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Bauder-Baker, Union Bank Bldg., Chicago, Ill.
Baugher, E. M., president, The Home Building Association Co., Newark, Ohio.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Bernheim, E., Ph.D., Foreign Dept., The National Shawmut Bank of Boston, Mass.
Billings, K., asst. advertising mgr., Scandinavian American Bank, Tacoma, Wash.
Bize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, G. W. C., assistant secretary, Tidewater Bank & Trust Co., Norfolk, Va.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.
Buzbee, Minnie A., manager Advertising Department, American Bank of Commerce & Trust Co., Little Rock, Ark.

C

Conhaim, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
Cotton Belt Savings & Trust Co., Pine Bluff, Ark.
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Davis, Clark B., asst. secy., Franklin Tr. Co., 166 Montague St., Brooklyn, N. Y.
Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Deily, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Delson, Louis E., publicity manager, Central Trust Co. of Illinois, Chicago, Ill.
Dysart, W. R., cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Ekirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.
Frost, Lloyd A., treasurer, Guaranty Trust Company, Cambridge, Mass.

G

Garner, Percy, publicity manager, Wachovia Bank & Trust Co,. Winston-Salem, N. C.
Gehle, Frederick W., manager advertising department, Mechanics & Metals National Bank, New York.
Gehrken, George A., manager, New Business Dept., Seaboard National Bank, New York.
Germo, Eleanor, manager publicity department, Los Angeles Trust & Savings Bank, Los Angeles, Cal.
Grimm, H. B., director, Dept. of New Business, St. Joseph Valley Bank, Elkhart, Ind.
Groves, C. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hamsher, C. F., president First National Bank, Los Gatos, Cal.
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Higley, J. N., advertising department, First National Bank, Youngstown, Ohio.
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
Hodgins, J. H., Statistical Dept., Union Bk. of Canada, Toronto, Canada.
Hoffman, A. C., manager, department of publicity, Security Trust & Savings Bank, Los Angeles, Cal.
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.
Holderness, M. E., vice-president and adv. mgr., First National Bank in St. Louis, Mo.
Hudson, Paul L., assistant cashier, First National Bank, Corona, Cal.
Hunter, Harold G., Sec'y and Treas, Kansas City Terminal Trust Co., Kansas City, Mo.
Hutchins, E. M., publicity manager, Seaboard National Bank, New York.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, Chicago, Ill.
Johnson, E. W., Warren National Bank, Warren, Pa.
Jones, Marshall H., asst. cashier First and Citizens National Bank, Elizabeth City, N. C.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Keeton, Monroe, manager Savings Department, Merchants & Farmers Bank, Meridian, Miss.
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.
Kommers, W. J., vice-president, Union Trust Co., Spokane, Wash.

L

Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Le Beuf, Mae (Miss), publicity department. Hibernia Bank and Trust Co., New Orleans La.
Logan, John, cashier, Columbus State Bank. Columbus, Mont.
Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.
Lyons, Chas. S., Puget Sound Bank and Trust Co., Tacoma, Wash.

M

McCorkle, Josephine C., publicity manager, The City National Bank, Evansville, Ind.
McDowell, J. H., American Trust and Banking Co., Chattanooga, Tenn.
Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, Ohio.
Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
Matthews, H. B., advertising manager, S. W. Strauss & Co., 150 Broadway, New York City.
Mead, Harold O., asst. cashier, The Bkg. Corporation of Montana, Helena, Mont.
Merrill, Frank, advertising manager, Northwestern National Bank, Minneapolis, Minn.
Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York.
Miner, J. H., manager, Dep't of Public Relations, Seattle National Bank, Seattle, Wash.
Moniteur des Interets Materiels, 27 Pl. de Louvain, Brussels, Belgium.
Morgan, L. J., advertising manager, First National Bank, St. Joseph, Mo.
Muller, John, 49 Sonneggstrasse, Zurich, Switzerland.
Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

N

Norberg, P. G., publicity manager, Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.
Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

O

Overton, J. A., cashier, National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.
Pollock, Willits, manager commercial service department, First Wisconsin National Bank, Milwaukee, Wis.
Poole, John, president, Federal National Bank, Washington, D. C.
Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.
Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.
Pratt, Thomas B., Henry L. Doherty & Co., 60 Wall Street, New York City.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
Reid, Carol S., publicity manager, People's Bank, Ltd., Hilo, T. H.
Rittenhouse, C. M., Farmers Loan and Trust Co., New York.
Rouff, Melvin, assistant cashier, Houston National Exchange Bank, Houston, Tex.
Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
Ryland, Cally, manager, new business department, American National Bank, Richmond, Va.

S

Sacramento Bank, Sacramento, Cal.
Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
Sclater, A. G., Union Bank of Canada, 49 Wall St., New York.
Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
Shepherd, George W., c/o International Trust Co., Boston, Mass.
Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
Staker, F. M., manager, publicity dept., Commerce Trust Co., Kansas City, Mo.
Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
Stover, J. C., secretary-treasurer Indiana Savings and Loan Association, South Bend, Ind.
Streicher, John H., new business department, the Commercial Savings Bank and Trust Company, Toledo, Ohio.
Sutton, Frederick T., publicity mgr., Mercantile Bank of the Americas, New York.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.
Tidewater Bank and Trust Company, Norfolk, Va.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president, Sioux Falls National Bank, Sioux Falls, S. D.
Wadden, Thomas A., vice-president, Lake County Bank, Madison, S. D.
Wells, Geo. T., assistant cashier, Denver National Bank, Denver, Colo.
Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.
Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.
Williams, John L., vice-president, Woodside National Bank, Greenville, S. C.
Winship, Addison L., vice-president and manager, New Business Department, National Shawmut Bank, Boston, Mass.
Withers, C. K., trust officer and publicity manager, Mechanics National Bank, Trenton, N. J.

Z

Zambrano, Adolfo, Jr., cashier, c/o A. Zambrano e hijos, bankers, Apartado No. 6, Monterrey, N. L., Mexico.
Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

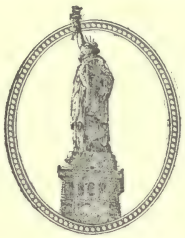
NEW NAMES

Painter, W. H., assistant to the president, Security National Bank, Dallas, Texas.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in BANKING PUBLICITY

Banking and Financial Industry

SPECIAL The BANKERS MAGAZINE SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL - - - - $5,000,000.00
SURPLUS - - - - 5,000,000.00
UNDIVIDED PROFITS 2,100,000.00

OFFICERS

HARVEY D. GIBSON	President
DANIEL G. REID	Vice President
ALEXANDER V. OSTROM	Vice President
CHARLES W. RIECKS	Vice President
ERNEST STAUFFEN, Jr.	Vice President
JOSEPH A. BOWER	Vice President
BENJAMIN E. SMYTHE	Vice President
JAMES G. BLAINE, Jr.	Vice President
JOSEPH S. MAXWELL	Vice President
GEORGE MURNANE	Vice President
SIDNEY W. NOYES	Vice President
MAURICE F. BAYARD	Vice President
FREDERICK W. WALZ	Cashier
FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
RAYMOND G. FORBES	Assistant Cashier
DANFORTH CARDOZO	Assistant Cashier
EDWARD J. WHALEN	Assistant Cashier

When You Build That New Home for Your Bank

You will require the services of a competent bank architect and equipment engineer who can provide you with a distinctively modern building, with first class equipment throughout and absolute security in vault work. Convincing evidence that we furnish complete service of this character is shown by the fact that we have been selected by the following banks among many others:

Hibernia Bank & Trust Company, New Orleans, La.
Seaboard National Bank, New York
National Bank of Commerce, New York
Asia Banking Corporation, New York
Mercantile Trust Company, New York
American Exchange National Bank, Dallas, Texas
Charlotte National Bank, Charlotte, N. C.
First National Bank, Jersey City, N. J.
Greenwich Trust Company, Greenwich, Conn.
Colonial Trust Company, Philadelphia, Pa.
Titusville Trust Company, Titusville, Pa.
First National Bank, Richmond, Va.
Virginia Trust Company, Richmond, Va.
Planters National Bank, Richmond, Va.
Lynchburg National Bank, Lynchburg, Va.

We shall be pleased to make suggestions regarding the most efficient and economical methods of meeting your requirements without obligation on your part.

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York

National American Bank of New York

THE new National American Bank recently opened at 8 West Fortieth Street, New York, comes as a response to a long-standing demand for such an institution in this district. Its convenient location, complete facilities and strong capitalization, its personnel of practical banking men and its large vault with over 4,000 safe deposit boxes, will enable it to fit into the business life of the shops and shoppers of Fifth Avenue, as well as the commercial interests near by.

Julian M. Gerard is the president of the new institution, H. L. Stevens, vice-president and cashier, and Frederick W. Gollum, assistant cashier. Mr. Gerard, the brother of former Ambassador James W. Gerard, is well-known in financial life, and was for a number of years a vice-president of the Columbia Trust Company. The bank, both in its executive and directorate, will be



JULIAN M. GERARD
President, National American Bank of New York



Officers' Quarters, National American Bank of New York



National American Bank of New York



Main Banking Room, National American Bank of New York



H. I. STEVENS
Vice-President, National American Bank of New York



FREDERICK W. GOLLUM
Assist. Cashier, National American Bank of New York

officered by men of wide experience in banking, commercial and financial affairs.

The new bank's first day was very encouraging. A number of large and many small accounts were opened. For



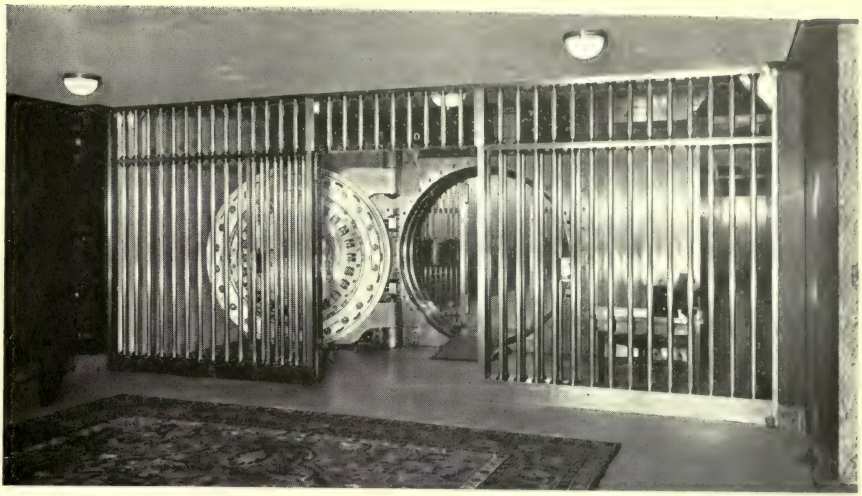
Stairway Leading to Safe Deposit Vaults, National American Bank of New York



Directors' Room, National American Bank of New York



Ladies' Room, National American Bank of New York



Vaults, National American Bank of New York

the convenience of the business men of the vicinity of Fifth Avenue and Forty-second Street, who wish to cash checks late, it will be open from 9 o'clock in the morning until 6 o'clock at night. There will be an extensive investment department.

The offices of the bank combine efficiency with good taste in a way that is typical of the neighborhood in which it is located. The interior decorating and arrangement are fully the equal of any New York bank. Neither thought in planning nor materials in execution have been spared to make the quarters in which the new organization is located as pre-eminent of their sort as those of the comfortable and tasteful Fifth Avenue shops.

The bank will occupy the entire ground floor and second floor and basement. The ground floor will be occupied by the main banking room with cages, foyer and offices, with space for the various departments; the second floor, mainly by bookkeeping and clerical work; and the basement by the vaults and rooms for confidential busi-



Safe Deposit Department and Coupon Booths, National American Bank of New York



CLARK M. BACHMAN
Manager Safe Deposit Vaults, National American Bank of New York

ness. Women customers will have particular convenience in a special department with adjoining waiting-room decorated in cheerful Colonial style. Two tellers' windows opposite the alcove will be for their use.

The general decorative scheme is marble of beautiful color and pattern, being of ten different varieties from Italy, France, Tennessee, Alabama and other places, all arranged in tasteful designs. On the walls are alternate pilasters and panels, and the floor is inlaid in square slabs. In this setting are employed railings and grilles of wrought bronze, wood-work, desks and seats of mahogany and dark red leather. The cages are of marble and wrought bronze with mahogany cabinet work.

In the basement is the vault, 20 by 50 feet, containing 3,994 boxes and twelve large safes that line a polished steel chamber nine feet high, with a mirror at the further end. Just without its entrance is an ante-room with mahogany closets known as coupon rooms about the walls in which the depositors may examine papers from their vaults or transact confidential business.

The directors' room, on a mezzanine floor overlooking a portion of the cages, is walled with marble. Its long table is of mahogany, and some of the chairs as on the main floor are upholstered in red leather.

The vice-president and cashier, H. I. Stevens, was for several years assistant cashier of the New Netherland Bank of New York. The assistant cashier, Frederick W. Gollum, has been assistant cashier of the Hellman Commercial Trust and Savings Bank of Los Angeles, Cal., for the past few years. The manager of the safe deposit vaults, C. M. Bachman, was for three years associated with the Atlantic Safe Deposit Company, one of the busiest vaults in the financial zone of the metropolis.

The directors are all connected with well-known firms in the city: Julian M. Gerard; H. I. Stevens; Lawrence B. Elliman, Pease and Elliman; Frank F. Gallagher, Goodwin-Gallagher Sand and Gravel Corporation; William B. Joyce, president National Surety Company; Edward J. Kelly, Henry Kelly and Sons, Wholesale Produce; John A. McCutcheon, James McCutcheon and Company, Linens; William J. Martin, Foley and Martin, Attorneys; John H. Towne, Yale and Towne Manufacturing Company; Wilson Hatch Tucker, director, Lord and Taylor, president, Empire State Finance Corporation.

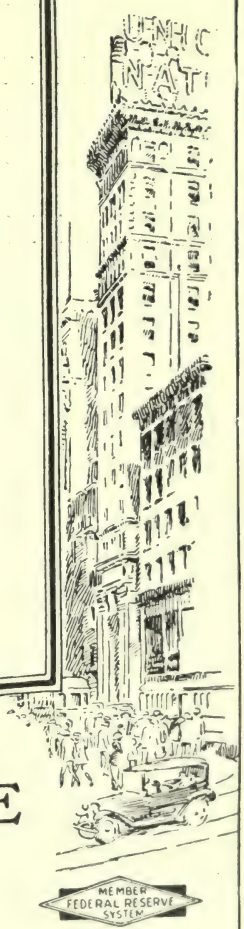
The bank has a capital of one million dollars and a surplus of five hundred thousand dollars, thus providing ample working capital and insuring a financial strength commensurate with sound banking.

Banking and Financial Notes

SPECIAL The BANKERS MAGAZINE SECTION

THIS bank places at the command of its customers and friends all the facilities of an up-to-date commercial bank for the transaction of domestic and foreign business.

We welcome the accounts of banks, bankers, individuals, firms and corporations in the confident knowledge that our service satisfies.



This bank with its affiliated institution—The Citizens Savings and Trust Company—forms the largest banking unit in Ohio.

UNION COMMERCE
National Bank
OF CLEVELAND

MEMBER FEDERAL RESERVE SYSTEM

FOREIGN EXCHANGE **COMMERCIAL CREDITS**

Transfer Agent of the State of New York Since 1818
Member of the Federal Reserve System
Chartered 1799

BANK OF THE MANHATTAN COMPANY

Statement of Condition at the close of business, April 12, 1920

RESOURCES		LIABILITIES	
Loans and Discounts	112,496,292.73	Capital	5,000,000.00
U. S. Govt. Bonds and Ctfs.	10,352,233.50	Surplus	12,500,000.00
Other Securities	7,970,313.84	Undivided Profits	3,646,494.20
Bank Premises	2,885,714,84	Reserve for Taxes	555,021.59
Due from Banks	10,421,821.54	Acceptances	12,028,130.50
Exch. for Clearing House	79,103,105.10	Deposits—	
Other Cash Items	7,612,918.54	Indv. 167,119,527.34	
Customers' Liability Under Com. Credits	10,995,817.44	Banks and Trust Co's. 27,716,504.70	
Cash	11,621,682.87	Sav. Bks. 5,364,765.37	200,200,797.41
		Bills Payable and R'disc't	19,529,456.70
	$253,459,900.40		$253,459,900.40

OFFICERS

President
STEPHEN BAKER

First Vice-President
RAYMOND E. JONES

Vice-Presidents
JAMES McNEIL
B. D. FORSTER
HARRY T. HALL
EDWIN S. LAFFEY
P. A. ROWLEY
F. L. HILTON
D. H. PIERSON
V. W. SMITH

Cashier
O. E. PAYNTER

Assistant Cashiers
W. F. MOORE
JOHN S. BAKER
I. S. GREGORY
H. M. BUCKLIN
W. A. RUSH
GEO. S. DOWNING
E. S. MacDONALD
O. G. ALEXANDER

Uptown Office
31 Union Square
New York City

MAIN OFFICE
40 Wall Street
New York City

Queensboro Offices
Jamaica
Long Island

Review of the Month

Trade Conditions Throughout the Nation as Compiled for the Federal Reserve Bulletin

NOTWITHSTANDING the temporary slowing down of the advance of prices which was noted during the months of February and March, business and financial conditions during April indicated a resumption of the movement, while business activity has continued in many districts upon an unprecedentedly high level. Wages have moved still further upward, while the advance in rates for money, already noteworthy, has attained even more important proportions than heretofore. A severe railroad strike during the month, assuming national proportions, with a corresponding congestion of products and defective transportation, has tended to aggravate conditions which otherwise would have been in themselves serious. A sharp break in the prices of stocks and securities and relatively poor prospects for the coming crop year have not operated to check the activity of business, although they have tended to confirm the doubts already entertained by many business men concerning the outlook.

In District No. 1 (Boston) there is some indication of greater conservatism in purchasing; banking conditions are sound and there is general manufacturing activity and full employment. There are no general strikes in any of the principal industries of the section. There is a difference of opinion with respect to the future of prices, and hence difference of policy with regard to advance orders and general purchasing.

In District No. 2 (New York) the outstanding elements in the condition of business are reported to be advance in prices, higher wages, unprecedently high rates of interest, and continued activity in foreign trade.

In District No. 3 (Philadelphia) prices still show an advancing tendency in some lines, but in other lines, including leather and textiles, the advance has stopped. Collections are still satisfactory and retail trade holds up very well.

In District No. 4 (Cleveland) the severity of the railroad strike has demoralized some branches of business and has caught some companies poorly prepared for any cessation of traffic, damage to plants proving greater than had been expected.

In District No. 5 (Richmond) there has been little change in commodity prices except building materials, which have steadily advanced; the public continues to purchase all goods freely, but there is unrest and uncertainty among the commercial community and there are signs of reaction against high prices.

In District No. 6 (Atlanta) fundamental business conditions have undergone no change of special note, both wholesale and retail trade holding up well. Although a lowering of prices is expected in some quarters, little evidence as yet appears of decrease in lines entering into daily consumption. The agricultural prospects for the coming season have been seriously decreased as a result of the continued cold and wet weather and the farm labor situation has continued unsatisfactory.

In District No. 7 (Chicago) the traffic situation has seriously affected business, preventing the movement of finished goods and causing non-receipt of materials, fuel and supplies. These conditions were already under way as a result of car shortage, but during the past month the strike "has brought about a more acute condition." Among other elements in the situation is the fact that collections "have slowed down during the past sixty days."

In District No. 8 (St. Louis) there has been no slowing down in business and signs point to continued activity for some time to come. There is a general gain in the volume of sales of both wholesalers and retailers; raw materials hold their own well, but labor unrest is causing uneasiness, while agricultural conditions are not satisfactory. Collections are good and the demand for money is strong.

In District No. 9 (Minneapolis) spring planting has been somewhat delayed and livestock conditions are unsatisfactory, although wholesale and retail trade is good.

In District No. 10 (Kansas City) the marked improvement in industrial activity which was characteristic of March "was effectively checked by transportation interruptions in early April." Shortage of coal, material, etc., caused suspension of activity in some lines. There has, however, been a large and well-sustained volume of trade in the face of all these various disturbing factors.

In District No. 11 (Dallas) the revival of spring trade and new high levels of both volume and prices were noted, while as in other districts the planting of staple crops has made a rather unfavorable start. Or-

ganized efforts are being made, however, to deal with the farm labor situation. There is enhanced demand and enlarged production in the petroleum industry.

In District No. 12 (San Francisco) the agricultural outlook has increased very materially, but car shortage has prevented heavy shipments in many lines. Building, however, continues active and labor has been fully employed.

Practically all of the districts report uncertainty concerning the continuance of existing conditions; anxiety concerning the over-strained situation resulting from excessively high prices and wages; and difficulty in continuing production on its normal scale, due to lack of equipment and to interruption in the movement of goods as the result of labor troubles. A marked feature of the financial situation all over the country is the increase in the cost of money, both in the investment market and in connection with bank credit.

The Federal Reserve Bank, of Richmond, recently sent ten questions to leading manufacturers and wholesalers in the Fifth District, replies to which show a belief in continuation of present prices for another year with high wages and free expenditure by consumers.

Agriculturally the month has been significant. In District No. 9 (Minneapolis) spring planting has been delayed throughout the District, and this may have the effect of further curtailment of spring wheat acreage which it is estimated will fall from about 17,731,000 acres planted last year, to 15,000,000 acres. Labor however, is scarce and wages are high, while in certain sections of the district there has been difficulty in financing farmers' seed purchases and planting requirements. On the other hand, the western half of the district has had ample moisture, and soil conditions are very favorable. In District No. 7 (Chicago) the general condition of the soil and crop prospects are favorable, but the season is being delayed by excessive moisture. Spring plowing has not generally been started. The scarcity of farm labor is proving a very serious factor and considerable acreage is being temporarily abandoned. Only a normal percentage of grain is in the hands of the farmers, but their obligations to the banks are larger than a year ago. These are partly for the purpose of carrying real estate loans. Both in District No. 7 (Chicago) and in District No. 9 (Minneapolis) the unsatisfactory transportation situation has delayed the movement of farm products and consequently the liquidation of the farmers' indebtedness to the banks. In District No. 10 (Kansas City) winter wheat is about up to the ten year average, although much below conditions in 1919. In corn an increase is expected. Other crop prospects are not altogether certain. High costs of seed will tend to shorten acreage, while the same is true of other increases in cost of production. In District No. 12 (San Francisco) the winter wheat condition is only 73% of normal as compared with 97% a year ago. In the spring wheat section the ground is in excellent condition. California fruit crops have been somewhat damaged by climatic conditions. It is as yet too early to estimate the cotton acreage in District No. 6 (Atlanta). Excessive rains have, however, prevented farm work, and the season is said to be from 20 to 35 days later than usual. As a result of the difficult farm labor situation it is expected that much acreage will be left idle during the coming season. In District No. 11 (Dallas) the average condition of winter wheat is 70%, a decrease of 5% from a month ago. Cotton and corn planting is well advanced in southern and southwestern Texas, although in the northern part of the state planting is light as a result of the protracted period of dry weather during February and March. Taken as a whole, the agricultural outlook as reported by the principal agricultural districts is not very satisfactory, the prospects being for a material reduction in output as compared with a year ago, due in part to unfavorable climatic conditions, loss of acreage, scarcity of labor, difficult transportation and high cost of seed and materials.

In District No. 10 (Kansas City) conditions were excellent for livestock on farms and ranges as a result of favorable weather conditions, and the outlook for the industry is very much more promising than for several months. In District No. 11 (Dallas) range conditions likewise show steady improvement and livestock is generally reported to be thriving.

Wheat receipts at markets in District No. 10 (Kansas City) was about 20% greater than receipts for February and likewise considerably in excess of receipts a year ago. Although corn receipts were 17% less in March than in February, they were 18% greater than in March, 1919; and receipts of oats during March showed a decline both as compared with February and with March, 1919, amounting to 26% and 45% respectively. Milling activity showed a decrease, combined flour output in March being estimated at 3.7% less than a year ago at Kansas City, Omaha and 88 interior mills. Operations at Kansas City and at

PROGRESS

"OLD BULLION" has combined the spirit of progress demanded by the problems of these times with that fine old conservatism which contributed so much to the building up of the financial structure of our earlier days.

We are seeking new business on our record.

The Chemical National Bank of New York

(Established 1824)

Omaha were respectively 57% and 47% of capacity, as against 76% and 61% a year ago, while for interior mills the figure for March stood at 53 as against 58 in March, 1919. The loss in milling activity is reported to be due largely to the slow demand for some grades of flour, and the fact that the export demand is only fair. From the 7th District (Chicago) and in a less degree from others, it is reported that grain-raising localities have been obliged to carry their product in a volume very much above that of normal times. This has retarded shipments to primary markets. Costly delays in transportation have interfered both with the shipment of grain and of livestock.

The iron and steel business has been very active, the U. S. Steel Corporation being booked ahead until about the middle of October. Independent mills have not received as many advance orders, owing to the fact that they have been charging higher prices than the U. S. Steel Corporation. The unfilled orders for the U. S. Steel Corporation at the close of March were 9,892,075 tons, corresponding to an index number of 188, as compared with 9,502,081 tons, corresponding to an index number of 180 at the close of February, and 5,430,572 tons at the close of March, 1919, corresponding to an index number of 103. Pig iron production likewise showed an increase amounting to 3,375,907 tons during March, as compared with 2,978,879 tons during February and 3,090,243 tons during March, 1919, the respective index numbers being 146, 138 and 133. A similar increase is reflected in steel ingot production which amounted to 3,296,799 tons during March, as compared with 2,865,124 tons during February and 2,662,265 tons during March, 1919, the respective index numbers being 137,127 and 110. The production of iron and steel has been seriously interfered with during the month of April due to lack of capacity to move raw materials and finished products. Most of the plants in the 4th District (Cleveland) have been fairly well supplied with iron ore and the main problem has been that of fuel. In District No. 6 (Atlanta) activity in the iron and steel industry continues. While car shortage has caused some delay in deliveries from the district, there is little accumulation of the product. In District No. 3 (Philadelphia) demand for finished iron and steel has not increased, and producers are working to capacity. High prices are being offered for immediate delivery. Conservative manufacturers recognize the danger of excessive price increases, but their

effort to arrest them has had little effect. The railroads have been heavier buyers of steel in all parts of the country, both for new equipment and repairs, than at any time since their return to private control. This has been due to successful financing on the part of some of the roads.

The coal situation has been particularly interesting during the month of April. In District No. 3 (Philadelphia), with the withdrawal of government regulations on bituminous coal, effective April 1, producers negotiated with consumers for the renewal of contracts which expired March 31. Prices were adjusted to higher levels, due to the necessity of allowing for the wage increases recommended by the President's coal commission, and increased costs due to small car supply. The engineers of the Fuel Administration, which made an investigation of the records of a central Pennsylvania colliery, found that a car supply of 60 per cent. increased the cost of mining 30 per cent. The regions which supply the coal for this territory are said to be working under a 60 per cent. supply. Demand is far ahead of supply, and it is stated that many consumers will try to store as much coal as possible over the next six months, which will keep the market active during that time. The anthracite industry is at present troubled by demands of labor for higher wages, though the men have walked out in only a few cases. The movement of coal is also held up by lack of cars. Retail dealers are unable to care for the orders which are being received and prices are advancing. In District No. 4 (Cleveland) the opening of the lake shipping season was set back by the strike and in the meantime coal is slow in coming forward. Early coal cargoes are in great demand, as some of the docks at lake ports are swept clean. Production of bituminous coal during March amounted to 46,792,000 tons as compared with 40,127,000 tons during February and 33,719,000 tons during March, 1919, the respective index numbers being 126, 116 and 91.

The petroleum industry has shown a very great advance during the past month. In California the output for March was about the same as February, amounting to 276,000 barrels, but shipments were heavy, decreasing stored stocks considerably. Consumption of California petroleum has exceeded production each month since July, 1919, and a serious shortage of crude oil is threatened, In District No. 10 (Kansas City) increased activity in the development of new wells is noted in Kansas and Oklahoma.

Little change is noted in conditions surrounding metal mining in Colorado in March. Shipments of lead and zinc during that month were unusually heavy, total shipments of zinc and lead ores for the four weeks being at the rate of practically 14,000 tons per week, as compared with 12,614 tons a week the previous month. This was due to the increase of cars, although production was seriously interfered with as a result of heavy rains and storms.

In general manufacturing the month has been a period of great activity. This is especially true in textiles. Carpet and rug manufacturers report a brisk demand for their products which they can not fully meet. Cotton yarns and raw materials are high; prices are holding steady at about double that of a year ago; and while the tendency of consumers not to pay high retail prices now existing has kept down offerings of new business to manufacturers, the latter are still busy on old orders which have insured a capacity operation. In cotton textiles the high price of the raw material has continued to check buying by domestic mills, but the mills in the New England District are already well supplied. Unfilled orders for future delivery placed during March are very much greater than a year ago, although new orders show a tendency to fall off slightly or amount to about the same in volume. While the demand for the future products of the mills making dress-goods, shirtings, and the like, appears to be lessened, this situation has not affected prices, which are about 200% above the level for 1914. No perceptible drop in prices, particularly in the fine grades, is looked for. In District No. 3 (Philadelphia) prices are double what they were last year and demand from foreign sources has served to keep up production. Caution, however, is felt to be necessary for the remainder of the year. In wool and woolens, markets are fairly quiet, banks having put a check on speculation in some sections. The government still holds about 65,000,000 pounds of the lower grades of wool and is now auctioning off about 6,000,000 pounds per month. Fine merino wools continue in demand and prices are high, while yarns are also generally in strong demand. Woolen and worsted mills are busy filling uncompleted orders and are especially active on account of the recent delays due to transportation difficulties which left them without raw material. In District No. 3 (Philadelphia) manufacturers are sold ahead and are producing actively. Although prices have weakened slightly they are higher than last year. Clothing requirements will necessitate full time production for 1920, but there is no certainty as to

Getting Acquainted

The Seaboard National Bank has always endeavored, with more than ordinary interest, to fully acquaint itself with the business entrusted to it by its many depositors and friends, having always regarded this as being the only basis for creating a genuine spirit of mutual confidence and co-operation.

This institution offers a modern banking organization that is thoroughly equipped and systematized to render a prompt and intelligent service along every line of financial business.

Whatever your requirements in banking may be, our officers who give their personal and undivided attention to every account, will be glad to go into details with you regarding your business problems and financial needs.

The Seaboard National Bank

of the City of New York

Capital, Surplus and Profits over Five Millions

conditions beyond that date. There has been some slowing down of demand due to the apparently concerted disposition of consumers to restrain from buying at present prices.

In the shoe and leather field the situation is somewhat mixed. Conditions in the hide market have approached stagnation and there has been very little activity in leather for the month past. The attitude of the public with reference to purchases at present prices is unfavorable. Although salesmen are in some cases offering reduced prices, retailers are slow to place fall orders, believing that prices must go down. The public, however, still insists upon the better grades of shoes, although some concerns note a decided drift toward cheaper product. Prices for the finest grades are believed to have reached their peak. In District No. 3 (Philadelphia) the demand for leather has fallen off noticeably during the past month. Prices are steady but the tendency is toward lower levels. New government orders in the hands of boot and shoe distributors are 25% to 70% over the same month last year, with demand as strong as ever and selling prices up to 10% higher. In District No. 5 (Richmond) no reduction in prices or demand is to be noted. Foreign trade in shoes and leather has been adversely affected by exchange conditions. General manufacturing continues active and wholesale business throughout the country holds up well. The tendency to caution already noted in the last issue of the bulletin has become more decided and has taken the form of hesitation about placing orders far ahead. This is due to the belief that prices are probably near their peak if they have not passed it. Although buying power has been somewhat limited in different parts of the country, the contraction in this regard is not pronounced, and the continued expansion of the export trade has taken up the market surplus of goods which would otherwise have tended to reduce prices. On the other hand, it is reported that considerable quantities of goods which were shipped abroad on consignment are now coming home again and may serve to disturb the market in some lines. Manufactured food products, canned goods, etc., are feeling this influence. There has been a large decline in the amount of meat food products shipped abroad. Canned goods prices are in some cases reported as 10% lower than a year ago.

The outstanding feature of the month in connection with labor has been a nation-

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital $500,000 Surplus $2,000,000 Undivided Profits $950,000

OFFICERS

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
THOMAS BLAKE, *Secretary*
HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED. **INTEREST ALLOWED ON DEPOSITS.**

wide railway strike which, however, has been terminated on account of the general lack of public sympathy. At times it appeared likely that the railway strike would spread into other allied branches of industry, a number of local municipal utility organizations having been called out at various points throughout the country. Except for the national railway strike and sporadic disturbances, labor, however, has been fully employed at record high wages, and unrest in manufacturing lines has been comparatively limited. Perhaps the most difficult element in the labor situation is now found in connection with agricultural labor. There is an almost unanimous report from the several Reserve districts to the effect that farmers are unable to obtain the assistance they need for the current crop season and that while in part machinery has been substituted, this method of replacing human labor is not altogether satisfactory. Conferences on immigration during the month have resulted in assertions of a general labor shortage all over the country. Sporadic unemployment has been noted in some cases, due to changes in conditions of production. The railway strike had the effect of temporarily decreasing the demand for certain classes of labor, but on the other hand it temporarily increased the demand for certain other classes.

An upward tendency in rates for money has been notable during April. Action on the part of foreign central banking institutions in raising their rates of discount tended to conform domestic tendencies toward a higher level of rates. The action of large domestic borrowers in putting out issues of bonds at higher rates of interest has further tended to establish a higher level of interest and discount charges. Demand for commercial loans has continued heavy and has been confirmed by the increasing pressure of need for funds for commercial uses in not a few of the western districts. Nevertheless, the volume of loans has not materially changed. In New York city it is reported that the reduction in the loan accounts of the New York banks which continued with a reasonable measure of steadiness from last fall to the early part of March, and the increase in bank loans elsewhere in the country, which was practically continuous during the same period, have both been arrested. Within the Federal Reserve System there has been a noteworthy movement of funds to New York, or in other words, the volume of bank credit for the country as a whole remains about the same but the points where pressure has been most seriously manifested have changed. Throughout the eastern districts higher rates for ordinary commercial paper continue to be the rule, while from the speculative standpoint, relatively little money has been offering and charges have been high. The money market has suffered from a very narrow margin and the narrowness of this margin has been responsible for the advances in rates which have taken place from time to time. In the stock market, although there has been considerable demand from the small investor, speculative manipulation has been more than usually prominent. The general level of bond prices has declined continuously during the past thirty days, an average of forty listed issues declining about 2½ points to a new low level on April 16. New corporate financing was larger in March than in February, and the tendency to increase has been noteworthy in April. Considerable issues of railroad securities have been put out, and the volume of stock actually issued as dividends has been large. In the Middle West there is a disposition on the part of bankers to sift loan appplications more carefully and to discriminate between borrowers.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland and the District of Columbia

THE SITUATION IN THE EASTERN STATES

THE credit situation continues unchanged and in the face of wide demands money still remains scarce. New York banks have received numerous requests from their interior correspondents for accommodation and while large advancements have been made, it has been necessary in some cases to apportion the loans where it would do the most good.

The freight tie-up which is still serious in many parts of the country, has also had its effect upon the credit situation in the East. Millions of dollars worth of freight is tied up in transit and until this is delivered borrowers are unable to liquidate their loans.

Another serious strain on the money mark has been the fact that some of the syndicates that have been making large offerings of industrial bonds have been unsuccessful in completely unloading, which has made it necessary for the unsold balance to be carried in bank loans.

* * *

Much speculation has been evident in New York as to whether the "break" in retail prices has been reached. During the past month a number of sensational retail bargain sales have attracted wide attention, and there has been in evidence a tendency on the part of the public, to exercise greater thrift and judgment in buying. The so-called "overall movement," while of little direct importance, has at least been symbolical of the fact that people are not going to accept a continual rise in prices. Rather than pay they will go without.

* * *

New York bankers are interested in the arrival of M. Emile Franqui, Belgian Minister of State, and M. F. Hankar, president of the National Bank of Belgium, who are here on official business in connection with the maturity of the $50,000,000 Belgian loan, issued prior to the armistice.

* * *

Several important real estate operations in the New York uptown district in the vicinity of the Grand Central Terminus, have revived the old discussion as to whether the city's financial district will ever have the tendency to move uptown, or whether it will always cling to the sacred soil of Wall Street. Many important banks have opened well equipped branches in the uptown district, thus forming a sort of secondary financial district in this important center. In this connection mention should be made of the opening of the new National American Bank on West 40th Street.

* * *

New York banks continue to expand; their official staffs and assistant cashiers are becoming as numerous as second lieutenants during the war. The greatly increased volume of business has made it necessary to provide responsible heads for important departments.

* * *

Daylight saving has created an interesting phenomenon. It takes an hour to go to Philadelphia from New York, and three hours to return.

CONVENTION DATES

New York—At North Asbury Park, N. J., June 17-19.

Pennsylvania—At Bedford Springs, Pa., June 17-18.

At Washington, D. C., week of October 18—American Bankers Association.

BROOKLYN TRUST CO.

Charles A. Cole has been appointed an assistant secretary of the Brooklyn Trust Company.

NEW YORK LIFE AND TRUST PRESIDENT DIES

On April 24 occurred the death of Walter Kerr, president of the New York Life Insurance and Trust Company of 52 Wall Street. Mr. Kerr had served in the one institution for forty-eight years.



A MODERN banking room for a suburban trust company, with generous public lobby and adequate means of expansion provided in a comprehensive plan.

Thomas M. James, Architect

3 Park St., Boston, Mass.

501 American Trust Building, Cleveland, Ohio



ATLANTIC National Bank
Broadway-Opposite City Hall

Statement of Condition, May 4, 1920

RESOURCES

Loans and Discounts	$19,853,373.66
U. S. Bonds and Certificates of Indebtedness	1,292,281.98
Other Bonds, Securities, Etc.	1,094,659.28
Due from Banks and Bankers	372,173.48
Cash, Exchanges and Due from Federal Reserve Bank	5,155,183.90
Interest Accrued	29,054.96
Customers' Liability under Letters of Credit and Acceptances	1,197,780.82
	$28,994,508.08

LIABILITIES

Capital Stock		$1,000,000.00
Surplus and Undivided Profits		1,069,682.76
Unearned Discount		118,512.11
Reserved for Taxes, Expenses, Etc		32,272.71
Deposits		21,969,100.67
Bills Payable and Rediscounts with Federal Reserve Bank Secured by Liberty Loan Bonds	$2,012,105.86	
Other Rediscounts	841,153.15	
		2,853,259.01
U. S. Bonds Borrowed		611,800.00
Circulation		142,100.00
Letters of Credit and Acceptances		1,197,780.82
		$28,994,508.08

Commercial and Travelers Credits issued but not drawn against, $3,029,471.56

Phineas C. Lounsbury, Chairman
Herman D. Kountze, President

Edward K. Cherrill, Vice-Pres.
Kimball C. Atwood, Vice-Pres.
Frank E. Andruss, Cashier
John H. Brennen, Asst. Cashier
John H. Trowbridge, Asst. Cashier
Gilbert H. Johnson, Vice-Pres.
Charles F. Junod, Vice-Pres.
John P. Laird, Asst. Cashier
Hugh M. Garretson, Asst. Cashier
Geo. M. Broemler, Mgr. Foreign Dept.

NORTHERN NEW JERSEY CLEARING HOUSE ORGANIZED

The Northern New Jersey Clearing House, comprising practically all of the banking institutions in Jersey City, Hoboken and Bayonne, is now functioning, thus saving a delay of two full days.

BUYS LIBERTY BONDS AT PAR—ON CONDITION

The Cambridge Trust Company of Chester, Pa., believing that many holders of Liberty bonds are sacrificing them at ruinously low prices, is out with an offer to buy them in amounts up to $5,000—on condition that, first, the entire proceeds be deposited in its savings department at three per cent a year; second, that the money remain on deposit for one year; at any time thereafter twenty-five per cent. may be withdrawn, the remaining seventy-five per cent. to remain a second year.

EMPLOYEES CLUB ORGANIZED

On May 7 a delightful dance, sponsored by the employees of the United States Mortgage and Trust Co., of New York, was given at the Aldine Club.

The new employees club is officered as follows: M. A. Hopkins, president; J. C. Foley, vice-president; R. B. Ward, secretary; T. G. B. Cortelyou, treasurer

ENLARGED AMERICAN SURETY BUILDING TO HOUSE LIBERTY NATIONAL AND FIRST NATIONAL BANKS

The American Surety Building, at 100 Broadway, corner of Pine Street, New York, is to be enlarged at a cost of $2,500,000 by the erection of an addition around it on the site of the present Schermerhorn Building.

The present structure has twenty-one floors with an average rental space above the ground floor of 4,316 square feet on each floor, the site having a frontage of 84.7 on Broadway and 85.5 on Pine Street. The Schermerhorn Building is T-shaped, with entrances on Wall and Pine Streets and Broadway. Only the T-shaped part adjacent to the American Surety Building is to be used, increasing the Broadway frontage by 38 feet 6 inches and the other side by 40 feet 2 inches. The Schermerhorn Build-

ing is to be wrecked and a twenty-one-story structure, uniform with the Surety Building, is to be erected on the site, after the dividing walls have been removed. The resulting building will have about 12,000 square feet of rental space per floor for seven floors above the ground, and on the eighth to the twenty-first an area of nearly 11,000 square feet per floor.

The Liberty National Bank has leased the banking rooms of the enlarged building for a long term of years.

The rear portion of the Schermerhorn Building, with the Wall and Pine Street entrances, will be taken over by the First National Bank, according to recent reports, and added to the plottage of the bank, which now owns the adjoining plot, at the northeast corner of Broadway and Wall Street.

E. BURD GRUBB

MacQuoid & Coady, members of the New York Stock Exchange, and specialists in public utility and industrial securities, announces the admittance of E. Burd Grubb to a partnership in the firm. Mr. Grubb, who was formerly associated with Elkins & Morris of Philadelphia, is a son of the late General E. Burd Grubb, former Ambassador to Spain.

SCOVIL AGENCY MOVES

Medley Scovil, Inc., a New York advertising agency specializing in banking and export advertising, has moved from 25 Pine street to more commodious quarters on the twelfth floor of the Broad Exchange building, 25 Broad street, New York.

APPOINTED ASSISTANT CASHIER

John T. Walker, Jr., formerly a state bank examiner in Alabama, has been appointed an assistant cashier of the National Bank of Commerce in New York. Mr. Walker is a native of Montgomery, Ala., and before he became an examiner had been connected with the Alabama Bank and Trust Company of Montgomery. He has been with the National Bank of Commerce in New York since August, 1917.

ADVERTISING AGENCY ADDS TO STAFF

John C. Madden is now with Edwin Bird Wilson, Inc., advertising agents, at 9 Hanover, corner Beaver street, New York city.

Mr. Madden is a graduate of the journalism department of the University of Kansas and has had extensive newspaper and publicity experience in St. Louis and other western cities. Following two years in the army, half of that time in an infantry brigade with the 89th Division overseas, he was a member of the editorial staff of the Louisville Courier-Journal. He comes to Edwin Bird Wilson, Inc., from the New York Times, where he was the New York representative of the Louisville Courier-Journal.

Mr. Madden has charge of the booklet department.

Citizens' National Bank
(Chartered 1890)
ENGLEWOOD, N. J.

Capital	$50,000.00
Surplus and Undivided Profits	168,720.00
Deposits	1,973,270.00

Albert I. Drayton, Pres.
S. S. Campbell, Vice-Pres.
J. B. Lewis, Cashier.

Collections solicited. Remittance on day of payment at lowest rates. Send us your business.

NEW YORK BANKER HONORED BY KING ALBERT

James S. Alexander, president of the National Bank of Commerce, has been created a Knight Commander in the order of Leopold II by King Albert of Belgium, in recognition of services to Belgium during the war and at the international Trade Conference at Atlantic City.

In January, 1919, Mr. Alexander was created a Chevalier of the Legion of Honor.

FIVE NEW BRANCHES FOR BANK OF AMERICA

As this item is written the Bank of America, located at 44 Wall Street, New York, is expecting the New York State Banking Department to act favorably on its application to open five new branches, four in Brooklyn and one just off Fifth Avenue at Fortieth street, New York.

DAVID H. MERRITT COMPLETES FIFTY YEARS OF BANK SERVICE

David H. Merritt, vice-president of the National Newark & Essex Banking Co., recently celebrated a connection of fifty years with Newark financial institutions. He was congratulated upon his golden anniversary by the directors and was presented a bouquet of fifty roses from officials of the institution.

Coming from New Brunswick, Mr. Merritt was made paying teller of the Newark

Results

are the things that count in business today.

Established manufacturing companies, producing the vital necessities of civilization are earning several times dividend requirements on their Preferred Stocks.

We offer a carefully selected list of
Preferred Stocks

Yielding 8%

which we can recommend to the most conservative investor.

Write for Folder B.

Hollister, White & Co.

INCORPORATED

92 Cedar Street, Corner Trinity Place

Telephone Rector 3901

BOSTON New York PHILADELPHIA

Newark Springfield Providence Pittsfield Portland

City National Bank April 4, 1870, and was vice-president of the institution when it was merged with the National Newark Banking Company in 1902. He was president of the latter bank at the time of its consolidation with the Essex County National Bank into the present banking company January 1, 1918.

ALBANY BANKS HAVE MERGED

After almost a century of banking in New York's capital city, the National Commercial Bank and the Union National Bank and Trust Company have been consolidated into one big national bank with resources of more than $40,000,000. The National Commercial was chartered in 1825 and retains its corporate title under the terms of the merger.

LIBERTY NATIONAL BANK

The Liberty National Bank of New York has organized a trust department, under the direction of Donald D. Davis, trust officer, for the transaction of a general trust business, with special facilities for investigation and reporting on the condition of industrial properties.

James F. McClelland has been appointed manager of the industrial department.

President Harvey D. Gibson has been elected a director of the Sheridan-Wyoming Coal Company and Vice-president Alexander V. Ostrom is now a director of the Chadwick-Hoskins Corporation.

GUARANTY TRUST CO. OF NEW YORK HAS WOMAN OFFICER

Miss Clara F. Porter, a member of the Guaranty Trust Company's bond department, has been appointed an assistant secretary of the company, thereby becoming the first woman to attain membership in the institution's official staff. Miss Porter is connected with the Fifth Avenue office of the Guaranty Trust Company.

She is a graduate of Smith College, and before entering the trust company's service was the editor of a magazine published in the interests of a number of public service corporations. Miss Porter is a member of the Women's University Club, and was the first president of the Business and Professional Women's League of New York.

Bentley D. Norman has been appointed an



GEORGE V. McLAUGHLIN
Recently appointed State Superintendent of Banks, New York

assistant secretary at the Brussels office of the Guaranty Trust Co. of New York.

FROM DALLAS TO NEW YORK

T. P. Junkin of Dallas, Texas, for the past two years manager of the Dallas Morris Plan Company, has been elected a vice-president of the Industrial Finance Corporation and will make New York his home. Mr. Junkin takes charge of the department of operation formerly administered by Bernard Chesterman, now vice-president and general manager of the Boston Morris Plan Company.

THE NEW YORK COMMUNITY TRUST

The New York Community Trust, F. J. Parsons, acting director, announces that the American Exchange National Bank has qualified to act as a trustee, and its request for admission has been favorably acted upon by the trustees' committee. The American Exchange National Bank is the first national bank to join in this movement.

The Irving National Bank, in absorbing the Irving Trust Company, a trustee of the New York Community Trust, automatically becomes a member. Announcements as to a number of other trust companies, national banks and state banks qualifying for membership, are expected shortly.

FOREIGN TRADE BANKING CORP.

George A. Gaston has resigned as president of the Foreign Trade Banking Corporation, and Clarence M. Sherwood, who has been associated with the National City Bank of New York for five years, has been elected president of that corporation.

ALBERT FRANK & CO. OCCUPY OWN BUILDING

The advertising agency of Albert Frank & Co. is now housed in its new six-story building at 14 Stone Street, New York city. In 1872 this concern began its career at 67 and 69 William street, where it occupied small space. Since then it has moved six times, including the present location, in the same neighborhood, due to more room required for its business expansion.

The building, it is said, has the distinction of being the first to be built in this country for an advertising agency's own use. No detail has been overlooked that would contribute to the convenience of the firm and its corps of workers, or its clients, or to the effectiveness of the service rendered to the latter. Whoever has business with a member of the firm will have a commodious conference room at his disposal. The concern, which began with six, now has 122 in its employment. Albert Frank & Co. formerly gave their chief attention to financial and transportation advertising. Now merchandising accounts constitute a fair proportion of their business.

NEW IRVING NATIONAL IN ENLARGED QUARTERS

The Irving National Bank, which is the consolidation of the former Irving National Bank and the Irving Trust Company, began business April 19 in enlarged quarters on the second floor of the Woolworth building. Lewis E. Pierson heads the new institution as chairman of the board and he will be assisted by Alexander Gilbert, formerly chairman of the Irving Trust; Rollin P. Grant, former vice-chairman of the Irving National; Frederick G. Lee, former president of the Irving Trust, and John H. Love, former vice-chairman of the board of the Irving Trust.

Eleven banks and trust companies, including the original Irving institution, which was founded in 1851, have borne their part in the making of the present bank, which has resources of approximately $300,000,000.

When the Irving National was started it had an initial capital of $300,000. The bank was named after Washington Irving.

Among the institutions absorbed by the present bank were the New York National Exchange Bank, the Mercantile National, the Nassau National, the Broadway Trust Company, the Market and Fulton Bank, which was itself a combination of the Market Bank and the Fulton Bank; the Sherman National Bank, the National City Bank of Brooklyn, the Flatbush Trust Company, the Savoy Trust Company, the Aetna National and the Commercial National in Long Island City.

All of the foregoing institutions were not absorbed by the Irving National Bank alone, but several of them were taken over by the Irving Trust Company, which has ceased to function.

The new Irving National will continue the eight district offices of the Irving Trust Company in Manhattan and Brooklyn, these institutions having their independent local boards and being in effect local banks.

IRVING S. METZLER

New York City has acquired a new addition to its banking fraternity in the person



IRVING S. METZLER
Vice-President East River National Bank, New York

of Irving S. Metzler, vice-president of the East River National Bank. Mr. Metzler has been in New York only since the first

Resources
$18,000,000.00

Send us your Buffalo business

THE PEOPLES BANK OF BUFFALO

for Direct Service

Try Us
and you will be entirely satisfied

A. D. BISSELL, Chmn. of Board
HOWARD BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
C. G. FEIL, Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier
GEO. ULRICH, Asst. Cashier
C. H. FITCH, Asst. Cashier
W. G. WILCOX, Auditor

Trust Department
CHAS. W. CARY, Trust Officer

Member Federal Reserve System

INVESTMENT SECURITIES

We specialize in Government bonds and other investment securities. This firm was founded in 1865 and we have alwavs endeavored to recommend to our clients conservative investments. As members of the New York and Boston Stock Exchanges we are prepared to execute orders for the purchase or sale of securities on a cash basis in large or small amounts.

A circular describing several issues of desirable investment securities will be sent on request

Kidder, Peabody & Co.

115 Devonshire St. Boston

17 Wall Street New York

of the year, having come from Los Angeles, California, where he first engaged in the banking business with the City and County Bank and at the age of twenty-six, had the distinction of being the youngest bank manager in the State of California.

The City and County Bank of which he was vice-president, was consolidated with the Bank of Italy of San Francisco, in 1913, Mr. Metzler joining the staff of the Bank of Italy as assistant manager of the Los Angeles Branch.

When the Bank of Italy developed a trust department he was made manager of that department for the southern California branches, and since coming to New York he has established a bond department in the East River National Bank which is making excellent headway.

Mr. Metzler likes New York and its people, and is enthusiastic over its possibilities.

The East River National Bank is affiliated with the Bank of Italy of California.

ELECTION DAY AT THE NATIONAL PARK BANK

The directors of the National Park Bank of New York met May 4 and elected the following assistant vice-presidents: Frederick O. Foxcroft, William A. Main, J. Edwin Provine, Ralph L. Cerero, Jay D. Rising, H. E. Scheuermann and Percy J. Ebbott. Walter S. Jelliffe was elected an assistant cashier.

The title of assistant vice-president is a new one in the official roster of the National Park Bank. All of the men elected were junior officers of the institution and their advancement will provide larger opportunities to properly care for the requirements of the bank's clientele.

Frederick O. Foxcroft, assistant vice-president, was one of the first assistant cashiers appointed by the directors of the National Park Bank. He has given the institution forty-one years of continuous and loyal service.

William A. Main, assistant vice-president, was elected assistant cashier of the bank in 1903, and during approximately half a century has rendered continuous and efficient service to the institution.

J. Edwin Provine, assistant vice-president, assisted in the inauguration of the credit department of the National Park Bank. Prior to being appointed assistant cashier in 1915, he was known as manager of the

Equipped for Service



LOCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

Union National Bank

PHILADELPHIA

Resources over $25,000,000

credit department. Mr. Provine's activity has all been along credit lines.

Ralph L. Cerero, assistant vice-president, came to the National Park Bank in 1919 as trust officer. He was for approximately fourteen years assistant trust officer of the Knickerbocker Trust Company; two years New York resident partner of W. Irving Osborne & Company of Chicago, and for six years assistant secretary and trust officer of the United States Trust & Mortgage Company.

Jay D. Rising, assistant vice-president, is a native of Nebraska. In 1910 he was elected assistant secretary of the Commerce Trust Company of Kansas City, and in 1914 chief national bank examiner of the tenth Federal Reserve district. In 1917 he became vice-president of the Live Stock National Bank of Omaha, Nebraska, leaving that institution in January, 1919, to accept a position as assistant cashier of the National Park Bank.

H. E. Scheuermann, assistant vice-president, prior to coming with the National Park Bank in 1912, was for several years identified with credit work at the Liberty National Bank. He left that institution to go with the National Park Bank in a similar line of activity and was elected assistant cashier in 1919.

Percy J. Ebbott, assistant vice-president, is a native of Wisconsin. He graduated from Oberlin College in 1910 and was for several years engaged in the manufacturing business in Wisconsin. He became identified with the National Park Bank in 1913, was elected an assistant cashier in 1917, served eighteen months in the United States Army, returning to his duties in January, 1919.

Walter S. Jelliffe, assistant cashier, was born in Mansfield, Ohio. He is a graduate of Oberlin College, class of 1908. He came to the National Park Bank in 1918 and prior to that was in business for himself in Portland, Oregon. More recently Mr. Jelliffe has represented the bank at group meetings and bankers' conventions throughout the South.

JACKSON—NOT JOHNSON, WITH CHEMICAL NATIONAL

An unfortunate typographical error crept into the April issue of the BANKERS MAGAZINE in reporting the affiliation of Baxter Jackson with the Chemical National Bank of New York. Mr. Jackson has courteously absolved our compositor and says no real

Fire Insurance and Banking

EVERY Mortgage is protected by an insurance policy. Every time loan is made on the credit rating of the customer who must carry sufficient fire insurance to protect his property and so maintain his credit rating.

The banker must know that the insurance is good. He must satisfy himself as to the financial standing of the insurance company. He should also be as well posted as the insurance company itself as to the hazards, moral and physical, that enter into the insurance of various lines of trade applying to the banker for credit.

No better way exists for securing this information than by reading

The Weekly Underwriter

EIGHTY MAIDEN LANE

NEW YORK, N. Y.

FIVE DOLLARS PER YEAR

harm was done; his friends knew him even if we did give him an alias.

WILLIAM M. HAINES

William M. Haines, formerly assistant cashier of the Citizens National Bank, of New York, has been elected a vice-president of the Chatham and Phenix National Bank.

H. S. TENNEY

H. S. Tenney, formerly president of the Greenwich Trust Company, of New York, has been elected vice-president of the Liberty Securities Corporation, affiliated with the Liberty National Bank of New York.

SECURITIES CORPORATION FORMED IN NEWARK, N. J.

The New York & Essex Securities Corporation, formed as a result of and in connection with the recent increase of capital stock of the National Newark & Essex Banking Co., has been organized and approved by the stockholders. Charles L. Farrell, president of the banking company, was elected president of the securities corporation; Albert H. Baldwin, vice-president of the bank, was chosen for the same position in the securities concern, and other officers selected were Spencer S. Marsh, vice-president and cashier of the bank as treasurer, and Percy B. Menagh of the bank staff as secretary.

The offices are located on the second floor of the Mutual Benefit Life Insurance Company building, over the banking rooms of the parent organization.

The corporation is modeled after similar organizations affiliated with national banks in New York, Chicago, Boston and other large cities. Its purpose is to provide Newark and the county and state with facilities for financing the capital needs of their corporations, and also to take advantage of opportunities to particulate in the larger underwritings in the general field.

RESOURCES OF GIRARD NATIONAL PASS THE $100,000,000 MARK

In a statement of condition as of May 4, 1920, the Girard National Bank, of Philadelphia, shows that its total resources have passed the $100,000,000 mark. The Girard's deposits are now $65,220,000, while its surplus and net profits exceed $7,000,000.

Widen the Road for Incoming Business

The lines of contact which your organization maintains with various community interests constitute the road over which business comes to the bank.

The highway for incoming business is made steadily wider and more inviting by well directed publicity methods—by developing established associations, making new contacts and arousing the community to a realization of mutual interests.

Increasing business comes over a broadening highroad. Collins Service will show you how to widen yours—and keep it in first class condition.

The Collins Service
PHILADELPHIA PENNSYLVANIA

CHASE NATIONAL REPORTS

Another excellent statement of condition has been published by the Chase National Bank of New York.

At the close of business May 4, 1920, this splendid old bank reported total deposits of $364,289,994 and total resources of $538,255,350.

Including A. Barton Hepburn, chairman of the advisory board, and Albert H. Wiggin, chairman of the board of directors, the Chase National has twenty-one active executives.

FIDELITY TRUST OF BUFFALO ESTABLISHES AN INVESTMENT DEPARTMENT

Throop M. Wilder is announced as the first manager of the newly established investment department of the Fidelity Trust Company of Buffalo. Mr. Wilder has been with the National City Company since 1916 and more recently served as manager of the National City's Rochester branch.

During the late war Mr. Wilder served his country here and in France, first as a major and later as adjutant, division adjutant and division inspector.



THROOP M. WILDER
Fidelity Trust Company, Buffalo, N. Y.

H. M. WEBSTER & COMPANY

23 West 43d Street, New York City

Public Accountants - Auditors - Production Engineers

AUDITS - SYSTEMS - TAX SERVICE

FINANCIAL AND PRODUCTION MANAGEMENT

TECHNICAL ability becomes much more useful and valuable when it is associated with *broader* knowledge, and sure grasp of business principles. The executives of this Company supplement modern accountancy methods with sound commercial and financial judgment, gained through years of responsibility and active participation in solving major business problems. Audits are conducted with directness and efficiency—and the reports disclose appreciation of the banker's viewpoint and requirements as well as accuracy and practicability.

Temporary telephone—Murray Hill 2097

JOHN GRIMM, JR.

John Grimm, Jr., since last October New York city sales manager for the Guaranty Trust Company's bond department, has been appointed an assistant manager with greatly increased duties and responsibilities. Mr. Grimm's training has been secured in his present line of work through association with such prominent bond houses as J. S. & W. S. Kuhn, Inc., of Pittsburgh, and Reilly, Brock & Co., of Philadelphia.

JOHN BOLINGER, A PARIS DELEGATE, TRAINED ABROAD

John Bolinger, vice-president of the National Shawmut Bank, of Boston, is one of the five delegates to represent the American Bankers Association at the International Chamber of Commerce, in Paris, in June. He will also represent the United States Chamber of Commerce and the National Shawmut Bank.

Mr. Bolinger is eminently fitted, by training and experience, to serve as a representative with the delegation. He started his banking career with the Banque Cantonale of Neuchatel and the Banque Commerciale of Basle, Switzerland. From there he went to the London branch office of the big French bank, the Societe Generale. With this broad continental training he has had the added experience in American banking methods gained through twelve years association with the Guaranty Trust Company of New York before being elected to a vice-presidency in the National Shawmut Bank.

New England States

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

NEW ENGLAND was not tied up as badly by the "outlaw" railroad strike as were New York and other sections of the country, but New England industries were hit by the enforced shortage of raw material and the fuel shortage. Since the breaking down of the strike, recovery has been moderately rapid. In several of our basic New England industries price changes are imminent. For instance, while the consumer is still paying top prices for shoes, there are reports of material decreases in prices for stock to be delivered later in the year. In the woolen trade conditions are similar, and lower prices for clothing are predicted for the coming winter. Improved real estate—particularly home property—is bringing abnormal prices, for rents are scarce and building costs are too high to encourage speculative building. Just how soon a change may be experienced in this situation is difficult to predict with accuracy, but the loaning institutions are very loath to accept present market values as a basis on which to figure the amount that shall be loaned on first mortgages. The insurance interests of New England have prospered through the heavy increases in insurance. Much of this increase is based on revaluations of properties which, at present replacement prices, have been found to be greatly under-insured.

As in other parts of the country, high money rates have so far failed to materially check the inflation of credits in New England. There has been talk in some quarters of the possibility of "rationing" credits, on some such plan as was adopted during the war. Perhaps as a section, New England would suffer less from such a drastic move than other sections might, for most of New England's industries would easily come within the "preferred" class of necessities.

The arrest and conviction of some of the "oil" and "silver" dealers have afforded considerable satisfaction to the conservative banking element, as it eliminates, to a marked degree, a danger that was threatening a class of inexperienced investors, and the "fever" had spread to a rather alarming extent. The invoking of a law governing the advertising of stock offerings was the means employed in the "clean-up."

Talks with merchants and jobbers in various lines reveal the fact that, while consumer demand is very heavy, buying by the former is being conducted on a very close and cautious basis in anticipation of possible price changes.

New England banks are prosperous and savings accounts show large and steady gains. Judging from recent occurrences, there is less disposition on the part of state authorities to grant new bank charters than was the case a short while ago. In fact there have been several applications turned down lately under conditions that did not differ greatly from those that existed in cases where favorable action was taken not a great while ago.

Business failures in New England are normal in number and in ratio of liabilities to assets. None of them appear to indicate any special strain in any one locality or any one industry.

CONVENTION DATES

At Boston—American Institute of Banking, June 15-17.

At Boston—Investment Bankers Association, October 11-14.

ELECTED DIRECTOR NATIONAL SHAWMUT BANK

At a recent directors' meeting, W. S. Gifford, vice-president and comptroller of the

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital $300,000
Surplus and Earnings..... 170,580

Ralph H. Mann, President
J. Lewis Ellsworth, Vice-Pres. and Treas.
George E. Duffy, Vice-President.
Frederick J. Bye, Assistant Treasurer.

Send us your Massachusetts collections.

Deposit-Building Service for Banks

We have developed a service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. We offer this to our bank correspondents so that they may in turn offer it to their own clients. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

The Merchants National Bank of Boston

28 State Street — Boston, Mass.

American Telephone and Telegraph Co., was elected to the directorate of the National Shawmut Bank of Boston to succeed Theodore N. Vail, deceased.

NEW TRUST CO. IN HARTFORD, CONN.

Dominick F. Burns is president of the Park Street Trust Company, which has opened for business in Hartford, Conn.

FIRST NATIONAL OF BOSTON INCREASES CAPITAL

Commenting on its recent increase in capital from $7,500,000 to $15,000,000, the First National Bank of Boston says:

"This increase was necessary to keep pace with the growth of its business. Since 1904, without consolidation or merger of any kind its deposits have increased from $35,000,000 to $170,000,000. In addition to its capital of $15,000,000 the bank has surplus and undivided profits if $22,000,000, making a total of $37,000,000 invested in it by its stockholders. In this respect it is the fifth largest national bank in the United States. It is the largest financial institution in New England."

ADDED TO DIRECTORATE CHASE NATIONAL BANK

Kenneth F. Wood, of Providence, R. I., has been elected a director of the Chase National Bank, of New York, to fill a vacancy caused by the death of Frank A. Sayles.

WOMAN MADE AN OFFICIAL OF BOSTON BANK

Miss Sadie Alkins, who has been serving the Central Trust Company of Boston in the capacity of secretary to the president, has been made an assistant secretary.

Industrial Trust Co.

(Pawtucket Branch)
PAWTUCKET, R. I.

Capital $3,000,000
Surplus and Undivided Profits 5,809,190

Chester A. Moffett, Mgr.
Chas. L. Knight, Asst. Mgr.
Ernest L. Moffitt, Asst. Mgr.

Collections on this city and vicinity solicited and promptly remitted for at lowest rates. (Succeeded First National and Pacific National Banks of Pawtucket.)

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By Thomas Ewing Dabney

NEW ORLEANS, LA.—The outstanding feature of the month in the South is the overall agitation. Trivial though the conception was, that the cost of living could be reduced by bankers, professional men and captains of industry donning overalls—a garment already worn by the millions of laborers of this country—this hysteria was a protest against high prices generally. The storm had been gathering for some months. Unfortunately, the only result that is apparent after the first fury has passed, is that the price of overalls has been raised and the price of other clothing has not been reduced. That is usually the case when the wealthy seek to solve the problem of the poor—either by methods of professed political economy, or by the social slumming sallies that are such a joy to everybody except the innocent targets of the attention.

Reports from the principal centers of the South are to the effect that business conditions are sound, but that the people are beginning to limit their purchases. Stores are carrying phenomenally low stocks. This is due partly to the strikes that have curtailed production and distribution, and partly to the fear of being caught with the goods when a slump comes. The promptness with which bills are being paid, however, is indication of the basic strength and prosperity of the country. Another notable fact: no one is speculating now about the "inevitable post-war panic," as they were six or eight months ago. It is generally beginning to be accepted that there will be no drop in prices this year. Up to the present time the leading merchants have been predicting a recession in the fall.

The financial strength of the South is indicated in the following table. It is a compilation from reports by the Federal Reserve Board and the clearing houses of the principal cities of the South, and shows the debits to individual accounts, the deposits, the capital and surplus, and the clearings, of banks for the year 1919.

Through the Mississippi Valley Association, the organization comprising the representative financial, commercial and manufacturing interests of the territory of the United States in which half the national wealth is produced, the South is strengthening its economic position enormously. That organization was born in New Orleans two years ago and has developed as rapidly as Hercules, who strangled two serpents in his

BANKING CONDITIONS OF SOUTH AT CLOSE OF 1919

	Debits to individual accounts	Total Deposits	Total Capital Surplus, Etc.	Total bank Clearings
New Orleans	$3,646,271,000	$244,829,909	$23,731,527	$3,170,247,164
Dallas	1,930,526,000	142,000,000	12,144,532	1,631,262,141
Louisville	1,877,186,000	86,426,000	15,125,000	830,544,887
Memphis	1,634,000,000	105,437,310	9,569,094	1,128,410,295
Houston	1,633,079,000	95,252,568	6,625,000	1,117,571,414
Atlanta	1,481,414,000	123,211,395	12,535,139	3,290,186,377
Richmond	1,395,932,000	132,790,000	22,044,000	3,090,679,615
Nashville	1,108,939,000	56,571,132	7,219,443	863,911,695
Fort Worth	1,101,280,000	81,100,570	9,255,514	900,098,820
Savannah	869,121,000	77,329,456	9,493,006	487,813,232
Birmingham	703,903,000	62,472,673	6,286,165	716,090,926
Jacksonville	579,249,000	50,617,652	4,190,111	450,587,496
Chattanooga	555,283,000	41,609,000	5,725,000	321,417,761
Little Rock	435,455,000	41,615,881	4,402,863	443,360,831
San Antonio	325,799,000	45,938,699	4,950,000	470,250,000

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank

Baltimore, Md.

Capital, $1,500,000 *Surplus, $1,000,000*

WALDO NEWCOMER, President
SUMMERFIELD BALDWIN, Vice-President
PAUL A. SEEGER, Vice-Pres. CLINTON G. MORGAN, Vice-Pres.
JOSEPH W. LEFFLER, Cashier WILLIAM R. WEBB, Asst. Cash.

infancy. Even so has the Mississippi Valley Association killed many snakes of unfair competition. For instance, it removed from gulf ports the inequality of export freight rates from interior points, by which the Eastern ports were given an advantage over the Southern.

The Mississippi Valley Association held its annual meeting in St. Louis April 20 and 21, and laid out a strong program of work for the ensuing year. It went on record against the sale of Shipping Board vessels. The purpose of this move is to prevent the East, which controls the financial power of the country, from buying up the tonnage and keeping the South, which can not afford to buy tonnage in huge quantities now, from its share of foreign business. The South is able to develop foreign trade by the leasing system. The convention furthermore demanded that the Shipping Board allocate more ships to gulf ports; only twelve and one-half per cent. of the total fleet of the nation is now allocated to gulf ports, while half the total ocean-borne tonnage of the nation originates in the Valley and should seek an outlet through the logical gulf ports.

The convention also demanded: that the South be put on a parity with the East as regards ocean freights to Europe; labor legislation, compelling labor organizations to incorporate and make themselves legally responsible, prohibiting any persons not American citizens from holding office in any labor organization, and making strikes, walkouts and lockouts illegal; development of waterways, control of river floods, better quarantine understanding between Mexico and the United States, etc.

These measures are all of great importance to the development of the South.

With the completion of the Ouachita River

Bank of Charleston N. B. A.

CHARLESTON, S. C.

Capital ..... $ 500,000
Surplus and Profits..... 800,000
Resources 15,000,000

E. H. Pringle, Pres.
E. H. Pringle, Jr., Vice-Pres.
R. S. Small, Vice-Pres.
A. R. LaCoste, Vice-Pres.
G. W. Walker, Cashier.
J. H. Lucas, Assistant Cashier.
C. N. Fishburne, Asst. Cashier.

Special attention given to city collections. Drafts on Charleston drawn with exchange remitted without charge.

Atlantic Savings Bank
CHARLESTON, S. C.
Capital $200,000
Surplus and Undivided Profits 297,270
Deposits over 3,698,000
Henry Schachte, Pres.
J. H. Jahnz, Vice-Pres.
Walter Williman, Cashier.
A. C. Koster, Assistant Cashier.

W. R. Rison Banking Co.
HUNTSVILLE, ALA.
Capital $100,000
Surplus and Undivided Profits 165,820
A. L. Rison, Pres.
Harry M. Rhett, Cash.
Collections will receive prompt attention and be remitted for on day of payment. Established 1866.

project in sight, the business men of Arkansas are agitating for river service between the ore fields of that state and the port of New Orleans. Representatives were in New Orleans recently, developing the plans. The service will run in connection with the government's inland waterways system on the Mississippi and Warrior rivers.

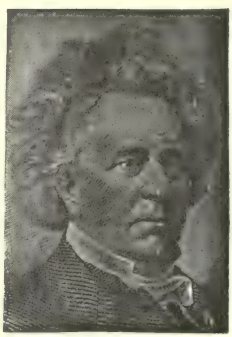
The recently established cotton service between Memphis and shipside in New Orleans is well patronized. Cotton shippers can put their goods in New Orleans in about half the time formerly required for rail delivery, and at twenty per cent. reduction. The barges go alongside the ships, discharging direct into their holds, instead of unloading on the wharf. It's really a lighterage service and Memphis has become a seaport. In time Cairo, St. Louis, Chicago and other interior points will be turned into similar seaports.

Senator Ransdell has introduced an amendment to the Rivers and Harbors Bill, providing for a survey looking to the dredging of a 35-foot channel from the Industrial Canal of New Orleans through Lake Pontchartrain and Lake Borgne to the Mississippi Sound and gulf. This will cut the distance of New Orleans to the sea in half, and give ships a still water channel instead of the fierce current of the Mississippi. It is not expected that anything will come of the movement this year, but this may be considered the opening gun in the drive to get the channel. Responsible engineers have declared the plan to be feasible. The Industrial Canal is the $18,000,000 waterway connecting the Mississippi River and Lake Pontchartrain, which will be completed in 1921. It was designed to furnish fixed-level water sites for industries, not available on the river, which has a 21-foot variation.

Mississippi, Alabama and Tennessee were visited by a series of tornadoes during the latter part of April, which killed and injured hundreds of persons and destroyed millions of dollars of property. Striking first in Jasper county, Mississippi, on the morning of April 20, the storm swept a narrow path across the remainder of the state northeast. About the same time there were similar disturbances in the northwestern corner of Alabama, which reached Williamson and Maury counties in Tennessee.

CONVENTION DATES

Georgia—At Athens, June 9-11.
Mississippi—At Gulfport, May 25-26.
Texas—At Galveston, May 25-27.


Our first President

Merchants National Bank
RICHMOND, VA.
Capital . . . $400,000
Surplus and Profits over 1,800,000
The Gateway to and Collection Center for Southeastern States
Send Us Your Items
"ON TO RICHMOND"

ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

FROM BANKING TO PETROLEUM

Eugene L. Norton, who has been president of the Equitable Trust Company of Baltimore since its organization seven years ago, has resigned and in his place the directors have elected Elmore B. Jeffrey.

Mr. Norton will now devote all of his time to the Central American Petroleum Company of which organization he is president.

GEORGIA BANK CHANGES NAME

The First National Bank of Columbus, Georgia, has succeeded the National Bank of Columbus. The change of name has been advertised prominently in the Columbus papers.

NEW ORLEANS BANK OPENS NEW YORK OFFICE

The Hibernia Securities Company of New Orleans has opened a New York office at 44 Pine Street. Harold S. Schultz is in charge.

PLANTERS OF RICHMOND INCREASES ITS CAPITAL

The Planters National Bank of Richmond, Virginia, has increased its capital from $600,000 to $1,000,000; 3,000 new shares were disposed of to the existing stockholders at $100 per share, and 1,000 shares were sold at $425 per share.

WORK PROGRESSING ON BALTIMORE BANK

Work on the enlarging and improving of the National Exchange Bank's building which was erected shortly after the Baltimore fire has begun.

That the National Exchange is in a most prosperous state is evidenced by a recent issued statement showing deposits of over $12,000,000 and resources of $20,000,000.

F. A. CRANDALL VISITS TENNESSEE BANKERS

F. A. Crandall, popular vice-president of the National City Bank of Chicago, was seen in Memphis during the recent Tennessee Bankers Convention greeting all-comers and able to call them by name.

ELECTED VICE-PRESIDENT LOUISIANA BANKERS ASSN.

At the recent convention of the Louisiana Bankers Association, held at Alexandria, Eugene Cazedessus, who has been secretary for the past four years, was elected vice-president and J. C. Barry, of Lafayette, La., was made secretary.

Atlanta National Bank

ATLANTA, GA.

The oldest National Bank in the Cotton States

Capital $1,000,000
Surplus and Profits..... 1,500,000
Deposits 24,000,000
Robt. F. Maddox, Pres.
F. E. Block, Vice-Pres.
Jas. S. Floyd, Vice-Pres.
Geo. R. Donovan, Vice-Pres.
T. J. Peeples, Vice-Pres.
J. S. Kennedy, Cashier.

Opelousas National Bank

OPELOUSAS, LA.

Capital $50,000
Surplus and Undivided Profits 106,300
E. B. Dubuisson, Pres.
C. L. Dupre, Vice-Pres.
Chas. F. Boagni, Vice-Pres.
A. Leon Dupre, Cashier.
M. J. Pulford, Assistant Cashier.

Charter No. 6920. Began business October 1, 1903. Collections solicited.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa and Missouri.

ECONOMIC CONDITIONS IN THE MIDDLE STATES

WITH loans going up and deposits going down, the lot of the Middle Western banker these days is not one of happiness unalloyed. The credit situation is tense, and it is hard to find a financial prophet with hardihood enough to venture a guess as to when a change for the better may be expected. In ordinary times of stringency it is easy to find rosy-eyed optimists who can see, a few weeks or months in the future, an easing of conditions, "after so-and-so happens"; and usually their faith is well founded. But this year all the alleviating so-and-sos have happened, and there is no respite. All signs have failed, and while bankers are not inclined to speak disconsolately of the trend of events, they are hoping for improvement before crop-moving time comes.

The statement from the office of the comptroller of the currency showing a shrinkage of $900,000,000 in national bank deposits in March and April caused no surprise to anyone familiar with the current of affairs in the seventh reserve district. These figures may be supplemented by the comment that only half of the story was told, and perhaps not the more important half. The revelation would have been more impressive if it had set forth that while this shrinkage in deposits was in progress loans were steadily increasing. And that is just what has taken place in this region. The case of one bank may be taken as typical. On February 28 the deposits of this bank were, roughly, $97,000,000, and its loans were $90,000000. At the time the comptroller's statement was given out the loans were $95,000,000 and deposits only a little more than $90,000,000, a complete reversal of the relative position of these items, and one which probably never occurred before.

It may be that the decrease in deposits can be explained in part by the fact that comparison is made with a time when bank balances were abnormally high, when there was an accumulation of funds in anticipation of the maturing of land speculation obligations and of farm mortgages on March 1, as well as of the heavy income tax payments due on March 15; when there was also a considerable duplication of credits which since have been cancelled by the paying off or calling of loans. But even these circumstances do not fully explain the change.

Comment on these developments which is of timely interest was made to the writer by Edmund D. Hulbert, president of the Merchants Loan-Illinois Trust-Corn Exchange group of banks of Chicago, as follows:

"The situation is very unusual; and it is not healthy. I do not remember another time when loans increased while deposits decreased. Usually, when there is a shrinkage of deposits the banker, having less money to lend, calls loans and keeps them well within the limit of available funds. Now, however, we seem to have fallen into the happy-go-lucky habit of letting the Federal Reserve System take up the slack and carry the burden of credit expansion.

"I doubt if any increase in rediscount rates at this time would provide a satisfactory remedy or would be advisable. It would not be safe now to attempt drastic corrective measures. High interest rates have no effect on the speculator. He is not concerned about what money is going to cost him. All he wants to know is whether or not he can get it. High rates, however, do work to the disadvantage of the legitimate commercial borrower, who has to have the money or suffer the crippling of his business. What is needed is to get after the speculator; but I do not see any way in which this

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can be done except by discrimination on the part of the individual banker.

"I have always believed that the Federal Reserve System started wrongly in its method of credit regulation. It is a mistake to have the rediscount rates of the Federal Reserve banks lower than the current bank discount rates. This cannot be changed now, of course; but when conditions return to normal it should be rectified. In all the European countries that have central banks or financial systems corresponding to our Federal Reserve banks the rediscount rate is higher than the bank discount rate and they would not think of allowing it to be otherwise. They evidently have learned something which we have yet to learn; if indeed we are not learning it now. Our plan is wrong, and it is not surprising that advantage is taken of it. Bankers are human. The sooner, however, we get on the right track the better it will be for us."

Rediscounts at the Federal Reserve Bank of Chicago at the beginning of this month reached the high record total of $422,561,582, an increase of more than 100 per cent. in the last few months. The total of reserve notes in circulation also was at a high record mark, $529,498,860. The bank's ratio of reserves to combined net deposit and reserve note liability had fallen as low as 38.7 and the ratio of gold reserves to reserve notes, after setting aside thirty-five per cent. against net deposit liability to 40.4, both new records and close to the legal minimum, but both figures showed some improvement by virtue of rediscounts of this bank with other reserve banks to the amount of $42,085,000.

This rediscounting with other Federal Reserve banks is a new departure for the Chicago bank. From the time it was opened until last month it had always been a liberal lender to other reserve banks, while its reserve ratio all through the period of the war was maintained at a level well above sixty per cent. The contrast shows the extent of credit expansion in the middle west since the signing of the armistice perhaps more eloquently than could any other figures.

The only changes that have been made in the reserve bank's rediscount rates are an advance of five and one-quarter to five and one-half per cent. in that on bankers' acceptances and an increase in the rate on treasury certificates to conform to the higher rate borne by those certificates. Commercial paper is on a seven per cent. minimum basis, transactions at six and three-quarters per cent. having passed about the first of the

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month. Collateral loans also are virtually at seven per cent. minimum. The borrowing demand is heavy and the country banks are the chief dependence for an outlet for commercial paper.

Transportation troubles have had more to do with the strain on credit facilities than any other single factor. Inadequate equipment made things bad enough; they became immeasurably worse with the switchmen's strike. No industry or shipping interest has escaped the crippling effect of these complications. The steel mills, which were just approaching capacity operations after having recovered from the strikes in that industry and the coal mines, were reduced to twenty-five per cent. at one time, but since have been able to resume to the extent of sixty-five to seventy-five per cent. of capacity. Shortage of fuel and difficulty in moving raw materials in or finished goods out handicapped manufacturers in all lines. Here also there has been improvement since the first of the month.

The financial effect of these delays and this curtailed production is not hard to discern. Deferred settlements for both manufactured goods and large quantities of farm products have necessitated larger and longer loans, aggravating a situation which already was about all the banks could handle with comfort because of the great business activity and the high prices of labor and materials.

The agricultural season is two or three weeks late in most parts of the northwest and excessive moisture has interfered seriously with early spring farm work. Conditions have not been favorable for the seeding of small grains and the acreage planted will be reduced. While corn prices have reached new high records for the season and oats are the highest ever known, this has been due principally to lack of transportation; immediate scarcity outweighing prospective plenty. These markets, it is believed, have not reflected an anticipated crop shortage, for it is too early to make any such discouraging forecast.

The business story of the month is by no means all doleful. Each of the four months of this year has made a new high record in retail merchandise distribution and the demand for goods of all kinds seems almost insatiable, with preference still given to articles of best quality. Wholesale orders are substantially in excess of those for the corresponding part of last year and buying

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S. P. JOHNSON, Assistant Cashier
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R. V. KELLEY, Assistant Cashier

by merchants for summer and fall has indicated unhesitating confidence in the future. Stocks are not large, because the obtaining of goods to meet current demands has been increasingly difficult. Prices generally are firm, and in some lines, notably cottons, materially higher, but this has no deterring influence on purchases. The large mail order houses are doing a business fifty per cent. larger than that of last year which in itself was a record-maker. Hardware orders are heavier than the dealers can handle; the troubles of the metal-manufacturing industries making it hard to obtain goods in this branch of trade, especially articles in which plates or wire are used. The railroad strike and coal shortage seriously interfered with operations in some of the industrial centers of Michigan and Indiana, particularly the Detroit automobile plants and considerable idleness resulted for a time.

Building has not gone ahead with the rush that was promised earlier in the year. Construction work in March was very active, but April, which normally is the banner month, showed a recession of about thirty per cent. in these operations. Materials are scarce and high, shipping difficulties have added their embarrassing bit and a new trouble has arisen in the inability of bankers, because of the pressing demands from other quarters, to advance money for building as freely as formerly. Labor troubles are absent in this field because labor has been given all it demanded.

Investment demand is good for new issues yielding seven per cent. or more, but slow for older securities of smaller yield. The low price of municipals which have been selling on a basis of five to five and one-half per cent., has discouraged many flotations for the financing of improvements and has restricted the output almost entirely to issues in which commitments were made before the rise in interest rates.

CONVENTION DATES

Reserve City Bankers—At Cleveland, May 24-26.
Illinois—At Galesburg, June 22-23.
Iowa—At Des Moines, June 28-30.
Minnesota—At Duluth, July 7-8.
Ohio—At Cedar Point, July 15-16.
Wisconsin—At North Lake, June 16-17.

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W. T. FENTON SAYS WEST COAST IS BOOMING

Shrewdly observing that "California is likely to reverse herself on this question (that of employing more yellow men to till



W. T. FENTON
Vice-President National Bank of the Republic, Chicago

her fields), W. T. Fenton, vice-president and manager of the National Bank of the Republic, Chicago, thus sums up a two months' observation tour of the West Coast.

"In southern California and particularly in Los Angeles there is a veritable boom," he remarks. "Bank deposits are at the highest point and there are evidences of activity in the various mercantile and manufacturing interests."

CENTRAL TRUST CO. HAS UNIQUE BONUS PLAN

General Charles G. Dawes, president of the Central Trust Company of Chicago, announces that the employees of his institution will receive each December a cash "dividend" at the same rate as the stockholders receive. According to the company's present dividend rate this means a sum for each employee equal to ten per cent. of his pay for the year.

GIANT BUILDING TO HOUSE MERGED CHICAGO BANKS

The new twenty-one story office building to be erected on the site now occupied by the Illinois Trust and Savings Bank building and the Grand Pacific Hotel will be second in size only to the Equitable building in New York. It is to be made a fitting home for the Illinois Merchants Bank, which will be the title of the merged Illinois Trust, Merchants Loan and Corn Exchange banks.

ANNUAL ELECTION OF THE KANSAS CITY CLEARING HOUSE

G. M. Smith, chairman of the board of the Commonwealth National Bank, has been elected president of the Kansas City Clearing House Association to succeed H. T. Abernathy, vice-president of the First National Bank. W. T. Kemper, chairman of the board of the National Bank of Commerce and of the Commerce Trust Company, has



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been elected vice-president of the Clearing House; C. B. McCluskey is cashier and C. W. Watson, secretary and manager.

KANSAS CITY BANKS MERGED

The Central Exchange National Bank of Kansas City has opened for business with a capital of $200,000, a surplus of $50,000 and deposits of about $2,700,000.

The new Central Exchange National represents a merger of the Central Exchange National and the Citizens Savings Trust Company.

H. H. McLUCAS

H. H. McLucas, a brother of W. S. McLucas, president of the Commerce Trust Company of Kansas City, has been elected cashier of the Stock Yards National Bank, also of Kansas City. Mr. McLucas was formerly located in Fairbury, Neb., as assistant cashier of the Harbine Bank.

WALTER F. BRAUN

The Continental and Commercial Trust and Savings Bank has lost, through death, one of its valued vice-presidents—Walter F. Braun. Mr. Braun had been with the Continental and Commercial for nine years.

FESTUS J. WADE TO HEAD PARIS DELEGATION

Festus J. Wade, president of the Mercantile Trust Company of St. Louis, is to head the delegation of bankers, representing the American Bankers Association that will attend the organization meeting of the International Chamber of Commerce to be held in Paris June 21.

Other delegates who have accepted appointments to accompany Mr. Wade are: John F. Hagey, vice-president of the First National Bank of Chicago; W. L. Hemmingway, vice-president of the National Bank of Commerce, St. Louis; W. H. Booth, vice-president of the Guaranty Trust Company of New York, and John Bollinger, vice-president of the National Shawmut Bank of Boston.

KANSAS CITY BANKER HONORED

W. S. McLucas, president of the Commerce Trust Company of Kansas City, was elected director at large of the Chamber of Commerce of the United States on April 29.

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Mr. McLucas' election came from the Civic Development Division and is timely recognition of the signal success of his efforts in civic work. He is at present president of the Chamber of Commerce of Kansas City.

CLEVELAND BANKS MERGED

On April 21 the Guardian Savings and Trust Company of Cleveland acquired the entire capital stock of the Spira Bank and Trust Company. This popular bank, on the southwest corner of Woodland and East 31st streets, was known for nearly thirty years as the Spira Bank. Under the provision of the new Banking Act it was incorporated in July, 1919, as the Spira Bank and Trust Company, with a capital stock of $150,000.

This bank, in the heart of Cleveland's most cosmopolitan section, will be operated hereafter as the Spira office of the Guardian Savings and Trust Company. The personnel of the bank will remain unchanged. Henry Spira, the founder of the bank, will retain his connection as chairman of the advisory board. Philip Spira, who has been its managing executive for two years, will continue in that same capacity with Sigmund Spira in charge of the savings and commercial departments.

The merger brings to the Guardian more than $1,000,000 in savings and $250,000 in commercial deposits, a considerable number of safe deposit accounts, and an enormous volume of foreign exchange business. The foreign and transportation departments are, literally speaking, the largest and most active in this section of the country. Its foreign exchange service has attracted customers to it from nearly every state in the Union.

One year ago the Guardian absorbed the Cleveland National Bank. Early this year it acquired the Rocky River Savings and Banking Company, which it now operates as a branch bank. A few weeks ago, the Guardian acquired the site for its Euclid-105th Office to be opened later in the year at 10300 Euclid Avenue. In rapid succession came the announcement that this growing institution would open another office about June 15 in the new Euclid-46th street market, followed by the news of its merger with the Spira Bank and Trust Company.

STATISTICS AND MORE STATISTICS

Through the courtesy of S. H. Bezoier, cashier of the First National Bank of Minneapolis, we are permitted to quote from an interesting folder prepared by the First National's statistical department. This folder contains a comparison of the bank deposits of Montana, North Dakota, South Dakota and Minnesota for the past twenty years.

Minnesota leads with a present total of 1459 banks whose deposits last year exceeded $899,200,000. North Dakota now has 876 banks as against South Dakota's 671, but the 671 banks of South Dakota exceed in total deposits by more than $66,000,000.

Twenty years ago there were only thirty-five banks in Montana; to-day there are 419.

MORE CAPITAL FOR CHICAGO BANKS

Directors of the First National Bank of Chicago have voted to recommend to stockholders an increase in the capital stock from $10,000,000 to $12,500,000, the aditional stock to be offered to stockholders at par, $100 a share, and to be paid for by July 1. It also was voted to increase capital stock of the First Trust and Savings Bank which is

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owned by the First National from $5,000,000 to $6,250,000, and to declare the increase as a stock dividend. The stockholders will vote on the proposal June 7.

NEW BANK FORMED IN CHICAGO

Chicago is to have another bank, the Transportation Bank of Chicago, which will open its doors about July 1 in the Transportation building at 608 South Dearborn street. The institution is to have a capital of $500,000 and a surplus of $100,000. Some of the men interested in the organization are Byron Casell, treasurer of the Monon Railroad; Orville J. Taylor, Jr., of Taylor & Miller, attorneys; C. W. Kraft of the Keuffe & Esser Company of New York; Watson P. Davidson of St. Paul, owner of the Transportation building, and R. W. Trumpler of the Erie Railroad Company.

THE NATIONAL CITY BANK OF CHICAGO

The National City Bank of Chicago has been appointed transfer agent for the preferred stock and registrar for the common stock of the Sherer-Gillett Company. They have also been appointed registrar for the preferred and common stocks of the Emerson-Brantingham Company.

OHIO STATE BANKS EARN 98.8% ON THEIR CAPITAL

An analysis of the reports of earnings and expenses of the 623 incorporated state banks of Ohio, for the year ended December 31, 1919, discloses earnings much in excess of any former year. Their gross earnings for the past year were reported at $59,402,408 or 98.8 per cent. on the capital. This is an increase of approximately 10 million dollars over the amount reported for 1918. Net earnings amounted to $15,177,170 or 25.2 per cent. on the capital. This is the highest percentage of net earnings thus far reported.

Ira R. Pontius is the superintendent of banks for the State of Ohio, and compiled the above noted figures.

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titled "American Trade Marks Abroad." The booklet should be of particular value to manufacturers who sell their products in foreign countries.

FIFTY YEARS A BANKER

On Saturday evening, May 1, the officers and directors of the commerce banks of Kansas City (the National Bank of Commerce and the Commerce Trust Company) tendered a banquet to H. C. Schwitzgebel, vice-president of the Commerce Trust Company in honor of his fiftieth anniversary as a Kansas City banker. During the evening Mr. Schwitzgebel was presented with a beautifully engraved watch.

Mr. Schwitzgebel's first banking experience came as a messenger with a Kansas City savings bank in 1870. He has been vice-president of the Commerce Trust Company since January, 1917.

DEATH OF C. B. WRIGHT, CINCINNATI FINANCIER

A career of 40 years in the active banking life of Cincinnati came to an end April 29, when Clifford B. Wright, chairman of the board of directors of the Union Savings Bank and Trust Company, died at his home, on Dexter Place, Walnut Hills, of apoplexy.

Mr. Wright was 65 years old. He was born in Cincinnati November 4, 1855, the son of John R. and Mary E. Wright. He was a grandson of Dr. Jesse Smith, one of Cincinnati's early surgeons, and of John P. Wright, another early settler of the city.

After his graduation from Ohio Wesleyan University in 1875, Mr. Wright entered the business world with the banking firm of H. W. Hughes and Company. Afterward he was with the George Fox Starch Company, and then spent some time in New York as an officer of the National Starch Company.

On his return to Cincinnati, he was chosen vice-president of the Ohio Valley National Bank. When this institution was merged with the First National Bank, he became a vice-president of that bank. In April, 1907, he was elected president of the Union Savings Bank and Trust Company, and in November, 1919, when that bank was affiliated with the Fifty-Third National bank, he became chairman of the board of directors.

Mr. Wright was a director in the United States Playing Card Company, Strobridge Lithographing Company, Cincinnati, New Orleans and Texas Pacific Railroad, the Ohio Traction Company, and the American Tool Works. He was director of the Union Central Life Insurance Company and chairman of the executive committee of that company.

CLAUDE B. CARTER WITH MISSISSIPPI VALLEY TRUST CO.

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ECONOMIC CONDITIONS IN THE WESTERN STATES

By Samuel Sosland

BUSINESS stepped backward in the Western States the past month. Every market and every industry felt the restraining influence of the growing tightness of money. In addition, the strike of switchmen on railroads seriously interrupted trade. Weather was too cool for the most favorable development of crops and for planting operations, but additional moisture was helpful. As the month of May opens, the Western States display a greater degree of cautiousness in commercial and agricultural activities than at any other time since the signing of the armistice.

Crop and labor conditions really played a minor role in the business of the month in comparison with the influence wielded by the stringent money markets of this territory. Labor undoubtedly increased the stringency by forcing producers, dealers, millers and others to withhold from markets wheat, flour, corn, live stock, eggs, lumber and other products to the value of millions of dollars. The condition of stringency would have prevailed, anyway, it is apparent, for railroad service was inadequate before the regrettable strike of switchmen.

That portion of the Western States included in the Tenth Federal Reserve District witnessed developments in money markets which attracted national attention. Such attention was focused on the Tenth District because the Federal Reserve Bank of Kansas City was the first of the twelve Federal Reserve Banks of the United States to institute a progressive system of discount rates under the Phelan bill recently enacted by Congress. The progressive discount rate system as adopted by the Federal Reserve Bank of Kansas City proved more drastic than bankers had anticipated. It emphasized as no other measure previously adopted the need for curtailing credits at the central institution, and also exerted a powerful influence toward deflation. So great was the influence of the Kansas City progressive discount system that its effect sobered business in all the localities of the Western States beyond the Tenth District. In other words, Montana and the Dakotas were affected almost as much as Kansas and Nebraska by the inauguration of the progressive discount rate system by the Federal Reserve Bank of Kansas City.

As the Kansas City progressive discount plan is so vital, it is well to examine it in any consideration of economic conditions in the Western States. The plan, of which Governor J. Z. Miller, Jr., of the Federal Reserve Bank of Kansas City, is believed to be the author, allots to each member bank a normal basic amount of credit accommodations at the normal rates in effect at the time the paper is submitted. The normal basic line is determined monthly by the member banks' average reserve balance and capital stock payment, that is, "the average reserves for the past calendar month, less thirty-five per cent. gold reserve required to be maintained by the Federal Reserve Bank, plus the member's paid-in subscription to the capital stock of the Federal Reserve Bank, such sum to be multiplied by two and one-half, the resulting amount constituting the basic line." It is thus provided that the basic line of each member bank shall be the limit of Federal Reserve note issues made possible by its reserve deposit and capital payments into the Federal Reserve Bank. Each bank must thus stand on its own resources at the Federal Reserve Bank or pay a penalty in the form of progressive rates for additional discounts. This penalty, or the progressive rate, was fixed at one-half of one per cent. above the normal rate for each twenty-five per cent. excess of loans over the basic line, with no limit as to the maximum rates which a member might be required to pay.

Supposing, for example, a member bank averages $300,000 in reserve deposits and $5,000 in paid-in capital for April at the Kansas City Federal Reserve Bank. Deducting thirty-five per cent. from $300,000 leaves $195,000 applicable as reserves against Federal Reserve notes. Adding $5,000 to $195,000 and multiplying that sum

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by two and one-half gives the basic line of credit of the member bank in question, or $500,000. If this bank borrows between $500,000 and $625,000 at the central bank, it must pay on commercial paper in the excess over $500,000 a rate of six and one-half per cent., or one-half of one per cent. more than the current normal rate. If it borrows more than $625,000 and up to $750,000, it must pay seven per cent. for the excess over $625,000. Thus, the rate increases one-half of one per cent. for each twenty-five per cent. increase, or fraction thereof, over the basic line of credit.

Important exceptions must be considered, however, in studying the progressive rate system of the Kansas City district. As first put into effect, on April 19, the plan, besides providing that the new rates would not apply to paper then under discount but only to new offerings, stipulated that member bank notes secured by Liberty bonds, Victory notes and Treasury certificates of Indebtedness shall be included in determining the excess borrowings if the war paper was owned by the member banks April 1, 1920, but that the rates on such paper shall remain at the normal basic figure.

When the plan was first announced went into effect, it found some banks facing the necessity of paying as much as ten and eleven per cent. for excess discounts. One instance was reported of a bank which had failed to maintain adequate reserves in the preceding month at the Federal Reserve Bank paying fifteen per cent. for excess discounts. Rumors were heard of even higher discount charges. The Missouri usury limit is only eight per cent. In the meanwhile, the railroad strike checked liquidation of commodities and tied up much money, forcing additional discounting. But banks began to call loans and reduced new credits to customers. General business was immediately affected.

On the ninth day following the adoption of the progressive discount system, the Federal Reserve Bank of Kansas City announced important modification, excluding entirely from the credit structure all member bank notes secured by government war paper owned April 1 in determining the excess of loans over the basic line of credit. The modifications also provided that, while rediscounts and notes secured by government war paper not owned by the member banks April 1 shall be included in the credit structure, such paper shall be discounted at the

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normal preferential rates. Thus, a member bank with a credit line of $500,000 and discounts of $500,000 would still be able to place $100,000 of commercial paper at the normal rate if its loans included $100,000 of its notes secured by government war paper it owned April 1. Also, this member bank could place $125,000 of rediscounts secured by government war paper at the normal rate after having borrowed on $100,000 more of commercial paper, but it would find that loans after the rediscounts secured by government war paper of $125,000 would be accepted only at the seven per cent. rate as the rediscounts secured by the war paper filled the six and one-half per cent. column in the credit structure, although it was accepted at the current normal rate of five and one-half per cent.

Of course, the changes wiped out the original plan of having each bank stand on its own credit resources at the Federal Reserve Bank, but it was deemed desirable in view of the fact that the member banks which owned war paper had purchased it to assist the government. The changes also reduced sharply the average cost of excess loans in a few instances, but the progressive system continued and still continues to hold borrowing in check and to stimulate liquidation of many discounts.

The Federal Reserve Bank of Kansas City also exerted an influence on business by refusing to accept automobile paper for rediscount on the ground that automobiles are a non-essential. Member banks were led to refuse automobile paper, or to lend very sparingly on it, and the sale of automobiles was sharply reduced. The automobile business in the Tenth District is therefore extremely quiet, being crippled by the closing of its outlets for paper created in making sales. The automobile business, in fact, has been retarded more than any other branch of commerce the past month.

Wheat, corn, flour and feed markets have been in an abnormal state on account of the lack of shipping facilities. Prices have been higher than would normally have been witnessed. Some mills were forced to cease grinding wheat because of inability to obtain fuel. Other mills were unable to obtain wheat. Lumber and mining activities were restricted. Prices of lumber continued easy, with the reduction in building plans owing to tight money telling in the demand. Live stock markets were depressed by the switchmen's strike, sharp losses in prices being recorded. Trading in cattle on ranges was almost generally halted by the surprisingly limited outlets for cattle paper. This, of course, was bearish on cattle prices.

Summarizing crop conditions, it may be stated that there is yet basis for optimism on the whole. New Mexico and Oklahoma would profit from more moisture. The other states are well supplied in that respect. It has been too cold for live stock on ranges in the northern tier of Western States, and snows have resulted in some mortality in Colorado. While spring planting has been delayed, larger areas than a year ago are still expected to be sown. The new crop year is expected to be late in starting.

CONVENTION DATES

Montana—At Butte, August 6-7.
Nebraska—At Omaha, June 15-16.
North Dakota—At Valley City, July 14-15.
South Dakota—At Watertown, June 23-24.

NORTH DAKOTA BANKERS POSTPONE CONVENTION

In order to avoid a conflict with the Minnesota convention which will be held in Duluth July 7 and 8, the North Dakota Bankers Association has decided to advance the dates of its meeting from July 8 and 9 to July 14 and 15. Valley City is the chosen meeting place.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska.

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. Donnellan

THE Twelfth Federal Reserve District was fourth among Federal Reserve districts in percentage of quota subscribed to the latest issue of Treasury certificates of indebtedness. The Twelfth District subscribed exactly its quota of $17,650,000. The Federal Reserve Bank of San Francisco ratio of reserves to deposits and total outstanding liabilities was 40.72 as of April 23. The recent increase in rate on bankers acceptances from five to five and one-half per cent. for acceptances indorsed by banks other than acceptors has made no difference in the money situation on the Coast as the total of these is small compared with member banks' loans.

Financial conditions in Japan are again approaching normal and there is no reason for alarm among American business men and financiers interested in Japanese commerce, according to T. Mitsui, prominent financier of Japan, who is staying in San Francisco.

"The situation is not as bad as was reported at first," he says. "Speculation had a great deal to do with the collapse of the market, but that is only temporary. American business men and bankers should bear in mind that Japan has a trade balance in the United States markets amounting to more than $225,000,000. Some of this money is invested in United States Treasury bills. Japan, like every other country, is affected by after-war conditions, and this must be taken into account, although I am sure that over-speculation in stocks and food stuffs was the main reason for the recent temporary collapse of the market."

The tightness of money and the increasing demand for commercial credit on the Pacific Coast is evidenced in the advancing rate of interest. Seven per cent. is the prevailing rate for commercial paper, while the large corporations are financing with short term notes at seven to eight per cent. Bankers acceptances are bringing five and seven-eighths to six per cent. The investment market in general is not in the best condition, although all recent local issues, few in number, have been readily absorbed.

Mercantile business is good and collections satisfactory. Retailers, who as a rule are purchasing only for current requirements, report the volume of business twenty-five per cent. ahead of the same month last year. Prices are still on the advance and with factories in all lines working to capacity to meet demands there is no prospect of any immediate price recessions, although the peak of high prices seems to have been reached. Building is active, both for dwellings and business purposes, and architects and builders estimate that the present high cost of materials will prevail for several years. Shipbuilding continues active, with an ample supply of labor.

Weather conditions have favored farming and horticulture during the past month and crop prospects are considerably brightened. The production of fruit will be slightly less than last year but canners are preparing for a large pack. Their goods are moving lively lately, in a firmer market. Winter wheat is reported eighty-five per cent. of

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CONVENTION DATES

California—At Tahoe Tavern, June 10-12.
Nevada—At Tahoe Tavern, jointly with California, June 10-12.
Oregon—At Eugene, June 15-16.
Washington—At Seattle, June 18-19.

LOUIS H. MOORE

Louis H. Moore, who has been State Bank Examiner of the State of Washington for the past two years, has resigned that post to become vice-president of the National Bank of Commerce of Seattle.

BANK OF ITALY, CALIFORNIA, INSURES ALL EMPLOYEES

President A. P. Giannini of the Bank of Italy, California, and the controlling factor in that institution as well as their affiliated bank, the East River National Bank of New York, is now in Italy with J. L. Williams, vice-president. Just before sailing he announced that, beginning April 1, the Equitable Life Assurance Society would protect its employees under the following plan:

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H. N. Tinker is president of this bank which is so closely identified with the industrial growth of the city of Tacoma, Washington.

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ECONOMIC CONDITIONS IN CANADA

By J. W. Tyson

THE action of the Canadian banks in following up a warning to commercial borrowers to check their call for current loans, by the adoption of a general policy of reducing such credits, was no doubt brought about by realization that something more than advice was required to check the dangerous tendency of continued commercial and industrial inflation. During March, for instance, there was a marked expansion of current loans, the total of such credits at the end of the month being $1,322,000,000, an increase of $65,250,000 as compared with the previous month and $205,000,000 as compared with the corresponding statement of 1919. The policy of restriction was enforced by the adoption of a general policy through the Canadian Bankers Association to check current advances and endeavor where at all possible to reduce current loans before the first of May.

The action by the banks was immediately reflected in a tendency on the part of wholesalers to reduce orders to manufacturers and on the part of retailers to check their buying from warehouses to an extent indicating the elimination of speculation to a large degree. Whether this was entirely the result of the action of the banks or whether it also indicated a realization of a waning enthusiasm on the part of the public for high prices for goods and commodities was not quite evident. Certainly there are increasing indications—witness the overall movement—that the people are coming to a realization that the solution of the cost of living lies largely with themselves and that nothing effective can be accomplished by legislating against profits or by adopting the destructive tactics of the radicals and socialistic quacks who talk bringing in some sort of Utopian state by wrecking existing governmental systems and thereby disposing of all present ills, real or imaginary.

At writing there has been no opportunity to judge how far-reaching the effect of the action of the banks may be. The situation has become so strained that any indication that the peak of inflation has been reached may easily start a reactionary movement which will go down the long line between producer and consumer. If it does no doubt the result will be salutary. It is generally realized that a continuation of the mad spiral procession of wages and prices cannot continue and that the sooner it is stopped the less serious is the reaction likely to prove. Coming now deflation may mean only a depression during a brief period of readjustment; deferred until inflation is carried further may easily mean a panic. The situation is aided by the fact that there is no evidence of over-production but it would not take long to bring about such a condition with a falling off in demand. Canada sees for the future a continued demand for her agricultural and other products in world markets; her problem is to get down to a basis of production where there will be sufficient for home consumption and a substantial surplus for export on a cost basis which will permit of successful competition with other agricultural and industrial countries.

The March bank statement indicates an increase of over $20,000,000 to $205,000,000, in call loans in New York during the month, the total being $45,000,000 greater than a year before. An increase of about $130,000,000 in assets during the month and of $50,000,000 for the year may be taken as an indication of that continued inflation which the banks have now decided to check; total bank assets have not passed the $3,000,000,000 mark. The extended loans during the month were made possible largely by an increase of $48,000,000 in deposits and $40,000,000 in foreign deposits, the totals being $250,000,000 and $108,000,000 higher respectively than a year before. Circulation increased $2,307,000,000 during the month and $11,000,000 during the year.

Although it is difficult to judge of the effects, beneficial or otherwise, of the embargo placed against the liquidation of foreign securities it is rather significant that the market quotations for Victory bonds as set

by the controlling committee have been reduced about three-quarters of a point, approximately, all round, despite the fact that in the interval there has been some improvement in exchange which operated as a natural check against liquidation by British holders. However, as there has been a general depression in the whole bond situation it would not be possible to definitely define causes and effects.

The action of the Canadian Government in using artificial methods to protect the home market for securities has been seriously questioned by financiers who believe that such a step is merely delaying the inevitable. According to Amelius Jarvis, bond broker, of Toronto, who has recently returned from England, the Government's course was unanimously condemned in financial circles in Great Britain. It is described abroad as a short-sighted policy which could only be justified in a period of dire extremity such as might have existed during the war, but not faced in the situation which prevailed at the time.

The embargo on American imports which was proposed to co-operate with the embargo on securities to the improvement of exchange with the United States has never materialized and it would seem that the Government has appreciated some of the difficulties pointed out at the time—of thus restricting international trade with a neighbor with whom it is generally recognized it is to our advantage to be on friendly terms. Increased duties on luxuries to be absorbed as a tax on consumption so as to give the Government revenue without added protection to Canadian manufacturers are being discussed at the time as a possible taxation feature of the forthcoming budget along with the suggestions of a turnover or an excise tax as alternatives of the excess profits levy which has been recognized as an unhealthy handicap to business.

CANADIAN COMPANY INCORPORATES IN NEW YORK

The Royal Securities Corporation, of Canada, has incorporated a new company under the laws of New York, to be known as Agency of Royal Securities Corporation (Canada), Limited. The new company will have offices at 165 Broadway and will be in charge of Oliver E. Hurd.

BANK OF MONTREAL TO ISSUE NEW STOCK

The Bank of Montreal will issue $2,000,000 of new capital stock, according to advices received from that city. The stock will be offered to shareholders of record May 20 at $150 a share, in the ratio of one new share for every ten shares held.

The Bank of Montreal has recently acquired a substantial interest in the Colonial Bank, and the new capital is required to meet expansion and provide facilities for Canada's rapidly growing foreign trade, in addition to meeting demands of the bank's increasing business in Canada. When the new issue is made the bank's capital will be $22,000,000.

CANADIAN BANKS INCREASE PROFITS

The Canadian Bank statement for March, made public early in the month of May, shows an increase of $37,342,473 in demand deposits, $10,692,263 increase in savings and $40,769,250 increase in deposits outside of Canada. Current loans in Canada have been increased by $65,251,128 during the month, while call loans outside of Canada have gone up $20,732,251. Note circulation has been increased by $2,391,847 and Dominion notes by $1,564,606.

BANK OF TORONTO OPENS NEW BRANCH

The Bank of Toronto has opened a branch at Cap Madeleine, Province of Quebec, under the management of J. E. Long, formerly of their main branch in Montreal.

THE
BANKERS MAGAZINE
ELMER H. YOUNGMAN, Editor
SEVENTY-FOURTH YEAR JUNE 1920 VOLUME C, NO. 6

The Job of Getting an Office

OBSERVERS of the antics of those aspiring statesmen who have been of late moving heaven and earth to encompass their nomination for the exalted office of President of the United States can not have failed to wonder at the vast expenditure of money which these and other political campaigns involve. Cincinnatus, at his plowing, was called to be Dictator at Rome; but in these days office is not obtained so easily. A man who sticks to his work, making no noise about it, stands little chance of being elected to office. It is not enough that the aspiring politician be honest and able. He must cultivate the art of publicity. This is generally done through campaigns of speechmaking, for which the American people have a great fondness. In this way candidates for office make themselves and their views known to the public at large. No one questions about its being a good way and a thoroughly democratic one. But it costs a great deal of money which somebody must furnish. Often the candidates themselves are not rich men, and if they are to make extensive speaking tours they must have the expenses borne wholly or in part by their personal friends and those who support the principles which the candidate himself advances. If contributions were limited to such sources no sound objection could be urged against this method of helping to sound the praises of those who aspire to office. There exists a rather well-grounded belief, however, that all the contributions are not of this harmless nature. Some of them, it is suspected, represent a rather lively hope that the beneficiary will, if elected, not be unmindful of the claims of those who have helped to make his election possible. And here lies the difficulty.

The direct primary system, whatever its other advantages, has increased the cost of getting an office, for not only must the candidate make a long and costly campaign for his election, but for his nomination as well. It has been said that in a certain state the expenditure of $100,000 would be necessary to insure nomination and election to the United States Senate. Candidates speak of offers from important financial interests to finance their campaigns.

In case of such financing to whom do the men elected owe their chief allegiance—to the people, or to the men who furnished the money with which to carry on the campaign?

It may be impossible materially to reduce the cost of such great popular ante-convention campaigns as we have just witnessed; but considering the vast outlay involved and the danger of abuses arising from the system, one might wish for a simple and more economical plan of getting a nomination for the Presidency and for other less important offices. Fully comprehending the laudable desire of the people to hear and see those asking their suffrages, it nevertheless seems a trifle out of place that in order to be elected to office a man must quit his duties and go about the country for the virtual purpose of self-advertisement.

Great Buying of Luxuries

RETURNS to the Collector of Internal Revenue at New York indicate from the taxes received on luxuries that the consumption of articles coming within this somewhat vague classification is now at the highest point ever known. Candy, jewelry, furs and automobiles are well at the top of such a list, but it is said that the greatest revenue is being derived from the tax on sales of ice cream sodas and other articles which are taxed a modest amount. In either case the tax seems to have little or no effect in diminishing consumption.

The large sales of articles of the character indicated are due in the first instance, of course, to the general prosperity existing throughout the country. Steady work at high wages has given to the people a buying power which they never had before. But, in addition to this factor in increasing the consumption of what are ordinarily styled luxuries, another important one has been at work. Many people for the first time in their lives have suddenly found themselves in the ranks of those able to indulge their luxurious tastes, and the long enforced abstinence has given them an appetite not easily satisfied. But, as in the case of the small boy whose invasion of the household pantry gives him command of an unlimited supply of jam, this freshness of appetite must fail in the long run, although there is some truth in the view that the possession of one luxury gives rise to the desire for another. Measurably, however, it will be found that, the sense of novelty having worn off, the demand for a great many things at first regarded as luxuries will fall off.

Tradesmen are sometimes blamed for catering to the luxurious tastes of the people, but they probably act upon the principle of

selling those things which require least effort to dispose of and at the same time offer the greatest profit.

Should an industrial crisis follow the present somewhat artificial era of prosperity, many persons who have suddenly grown accustomed to the use of luxuries would find the sudden deprivation of them a great hardship. Perhaps in an ideal state of society the first concern would be to assure the necessaries of life to all who are industrious. That some who have been industrious have lacked such necessaries while others who are idle have not only had them but a superabundance of luxuries shows that we have not yet achieved this ideal state. Curiously enough, in endeavoring to redress this inequality through taxation, we seem to have hit the consumer of ice cream sodas harder than the buyer of furs, automobiles and jewelry, which is but another exemplification of the well-known fact that taxation schemes often fail in accomplishing what they intended.



Depreciation in the Value of Government Bonds

NEW low records were made recently in the prices of the United States bonds issued to finance our operations in the recent war, and the depreciation in the prices of these securities has gone so far as to call forth criticism of the Federal Reserve Board's policy in abolishing the differential rate which formerly existed in regard to the discount of loans secured by Government obligations.

There are, however, several factors besides the one mentioned which have operated to bring down the prices of these bonds. Although nobody questions the solvency of the United States or doubts in the least that the bonds will be taken care of at maturity, the policy of free spending on the part of the Government certainly does not tend to enhance the public credit. But there is also a further reason why the bonds decline in price. The interest rate which they bear is so low compared with other high-grade securities that holders of the Government bonds are tempted to sell them and reinvest in other good securities which offer a higher yield. Then there is the insistent demand for capital and credit in industry—a demand which the banks are experiencing increasing difficulty in meeting—and manufacturers and merchants are probably compelled in many instances to part with some of their Liberty Bonds. Small holders who could not complete payments on their subscriptions, or who preferred to obtain cash for present expenditures,

have thrown considerable lots of the bonds upon the market and thus further depressed the price.

So far as the Government can now do anything to restore the value of Liberty Bonds this can only be done through a careful economy which would improve the general credit. The other conditions which have tended to depress the prices of these securities may improve in the course of time. They may, however, grow worse and exercise a still more unfavorable influence than heretofore. We can only hope for the best.

To conduct the financial operations incident to our participation in the great war was no easy task. Those who conducted these operations may have done as well as any one else could. Some question was raised at the time of the issue of the bonds as to the adequacy of the rate of interest. This rate was high enough to enable the bonds to be floated with the aid of the high tide of patriotic fervor which then prevailed; but now that this stimulation is lacking, the bonds have reached their natural level. Should general financial conditions improve they will doubtless show a recovery in price, and it is likely that the low prices will stimulate a buying movement among conservative investors who have always shown a strong preference for Government bonds even though carrying a low rate of interest. And it must not be forgotten that at recent prices the bonds offer a very attractive return.

Should the Government have to put out a new issue of bonds in the near future, the low prices of existing issues could not fail to exercise grave concern.

A Foreign Finance Corporation of Adequate Size

MANY good reasons exist for wishing that when corporations are formed under the new Edge Law for the purpose of financing foreign trade that they will be large enough to assure their success. In the first place the financing to be done is of such magnitude that it would require a great many corporations of minimum capital to do anything really effective. Furthermore, some doubts may be properly expressed as to the strength and efficiency of a multiplicity of small Edge Law corporations. While it may be true enough that the strength and efficiency of financial institutions are not always in proportion to their magnitude, that is nevertheless the general rule.

If we are to have a really effective Edge Law corporation, whose operations shall be commensurate with the interests involved, its capital should be large enough to assure safety and breadth of activi-

ties, while the personnel should be such as to command public confidence.

Whether the best plan would be to organize a single large corporation, with a capital perhaps as high as $1,000,000, or to organize three or four corporations, with a smaller capital, and designed to operate in the various sections of the country is a question to be determined. On some grounds, if sectional jealousies could be obviated, it would seem preferable to have the single large corporation, though some difficulties in its organization and management must be frankly recognized. These may not be found insuperable, however.

The kernel of the matter is right here: to get the funds on which to operate on the scale necessary, the interest of the general public as investors in the debentures of the corporation must be enlisted. This can be done through a large organization better than through a number of small ones.

Since the country has not yet tried the new law, these statements may be regarded as mere guesses; but they would seem to have the weight of authority on their side.

Very likely a number of movements to organize corporations under the new law will develop. Would it not be for the general welfare if those concerned in such movements would meet and compare notes and see if their efforts can not be united toward the formation of one strong Edge Law Corporation? Should this one be successful, others may be formed, either larger or smaller, according as experience may suggest.

Easing of the Credit Situation

THE recent meeting in Washington of the Advisory Council of the Federal Reserve Board only served to emphasize the policy which the Federal Reserve Banks inaugurated some time ago with the object of easing the credit strain. This policy is being gradually applied by the banks of the country in the hope that the necessary results may be reached without serious shock to productive and commercial interests. One obstacle in the way of this is the congestion in transportation. Merchants and manufacturers who can not promptly move their goods to market can hardly be expected to have the means with which to reduce their bank loans. The banks will not fail to take note of this difficulty and exercise the necessary forbearance.

There has existed such a frantic desire to spend money that the banks have found it absolutely necessary to impose salutary restric-

tions upon credit extension. We are face to face with a situation not unlike that which prevailed in the war period when credit, materials and transportation had to be used for the things deemed most essential, and the rationing of the use of some commodities has begun already.

It would be much pleasanter and also much better in other ways if the community would itself impose the necessary checks upon expenditure; but much preaching to this effect has been going on for a long while without much evidence of its effectiveness. The check can no longer be postponed, and the situation is relieved. Those who may feel the pinch will have to bear it as cheerfully as they may.

It is hardly necessary to say that the banks will act with the greatest caution in imposing this restrictive policy so as to entail a minimum of hardship. Indeed, the legitimate necessary industries of the country will be granted credit facilities much as heretofore. But some others less necessary will have to slow down a little.

MANKIND, after centuries of failure, are still upon the eve of a thoroughly constitutional millennium. Since we have explored the maze so long without result, it follows, for poor human reason, that we cannot have to explore much longer; close by must be the center, with a champagne luncheon and a piece of ornamental water. How if there were no center at all, but just one alley after another, and the whole world a labyrinth without end or issue?

ROBERT LOUIS STEVENSON.

Credit Danger Signals

By Meredith Wood

LACK of familiarity with many of the common danger signals of credit work appears to be one of the chief failings of all credit men to-day. As I think of the numerous mistakes and blunders that are being made in these times of over-extension of credit, I cannot help remembering a story I once read in "Tit-Bits" telling of the mistake a blundering reporter made because of his lack of familiarity with some of the common quotations. He had been given the assignment of covering a rather involved talk by a college professor on the life of Milton, and much to his surprise had been getting along very well until the speaker began to quote from some of Milton's poems, and came to the following from "L'Allegro":

"But come, thou goddess, fair and free,
In heaven yclept Euphrosyne."

The reporter deputed to "take him down" was in despair. He could not make head nor tail of this mysterious utterance. But following the sound as far as possible, he seized his pen and produced the following, which much to the horror of the professor appeared in the report of the speech in the newspapers the next day:

"But come, thou goddess, fair and free,
In heaven she crept and froze her knee."

Just as the reporter's lack of knowledge of the familiar quotation caused him to make rather a bad blunder, so our lack of knowledge of the ordinary credit danger signals to-day is causing many credit men to make blunders in judging credit risks which are often extremely serious. For it is quite an evident fact, as commercial failures are beginning to increase, that the average credit man is not sufficiently cautious and is too prone to overlook some of the most obvious credit danger signals which, if heeded in time, would undoubtedly save him considerable embarrassment. Taking chances in these days of large capital and lavish spending is all too frequent, and it is highly important that the credit man devote his full time to becoming familiar with the common danger signals which, before any business failure occurs, always give unmistakable warning of what may happen. The account given of the ever-alert credit sense of one of our well-known American bankers is quite pertinent at this time. This banker had been purchasing at frequent intervals for his institution the commercial paper of a large and supposedly prosperous trade house, regarding it as a prime banking investment. The latest maturity of the company's note had been properly liquidated several months before, and the local broker had offered him a substantial amount of the concern's paper again, which he now held under option, and was considering buying. Quite accidentally he happened to run across something which many other men would have passed over without very much thought, in view of the company's generally strong and well-established reputation: he found that one of his depositors, who had been selling the concern in question in small amounts, had received quite unexpectedly the company's note for a small bill amounting to two or three hundred dollars. The banker learned of this and immediately sent the paper back to the broker. "We loan no concern which has to pay for its minor bills by giving its note," he said. It was simply a slight bit of warning, the single flash of a red flag, which his keen credit sense detected at once. Eight months later the company in question closed its doors and failed.

This is simply one example of a danger signal in credit work. The chief trouble with business in this country to-day is that we are still in the pioneer stage and that credit danger signals are

not clearly defined. Questionable practices have not been boldly proclaimed as questionable, and there has been too great a hesitancy in calling a spade a spade. The Credit Business is still new. Fifteen years ago there was hardly any such thing as a Credit Department. To-day it is only in the process of development. What we need most is an explanation of principles, a clear analysis by the various credit men in each line of business what the particular signs of the times are in each one of their several trades. What is regarded as a sound credit principle in one line of business may not apply at all in another. The giving of notes for merchandise, for instance, is still in evidence in some trades, as in the raw silk industry, with tobacco packers and dealers, with the manufacturers of agricultural implements and with jobbers in newly populated sections of the country—in these businesses it is not regarded as a sign of weakness. Yet in most staple lines of trade this practice is entirely wiped out and its appearance is immediately a danger signal—a sign that the company in question lacks working capital and needs ready cash. Especially is this true if the house giving its note to meet an obligation is accustomed to borrow through its banking connections or sell its paper on the open market—one reason that lines of accommodation are extended is in order that the borrower may take advantage of cash discounts in settling his obligations, and if he gives his note in payment of a debt, it is a tangible evidence at once that he is not making use of this privilege. Yet how are we to know what is a true danger signal, whether a principle that applies in the grocery trade is equally applicable in the hardware business? The only way we can learn is by experience and study, and where we don't know, steering the middle course. The old axiom of "Hasten slowly" is a good one. Conservatism is quite the most essential quality in the Credit Man of to-day, just as Overextension of Credit and Inadequate Capital are our two greatest National Vices.

Just at the present time this country is in rather a critical stage. We have just passed through an era of prosperity: the War; for, that business people made money and that trade flourished during the years 1914 to 1919 is unquestioned. Credit has been freely extended with the minimum of misplaced trust. The margins of profit have been large, the volume of business enormous. We are just now beginning to see the other side of the silver cloud. Prices are sky-high, commercial failures are beginning to increase, liquid capital is scarce, bank reserves are greatly depleted, interest rates are excessive, call money can be obtained only at a tremendous premium. During the month of February of this year the liabilities of bankrupt concerns amounted to $11,000,000, as compared with $8,300,000 for January, $7,800,000 for November and $7,100,000 for October. During the month of March failures are said to have been running up into a still larger volume. The fact that the number of failures increased during February is particularly significant, for usually during that month they decrease after difficulties have been smoothed out in January. The signs of the time seem to point out that something may happen, how large or how small none of us knows. But it would appear that if ever business men were to tread cautiously and heed the customary danger signals, this is the time.

Just prior to the panic of 1907 there was one old axiomatic danger signal waving its flag which many companies failed to heed: *Don't overbuy.* Companies stocked up their warehouses with goods, thinking that the excessive demand would continue and not realizing that times are not always prosperous and prices may fall. When the crash came, there was of course only one result: companies that carried large inventories bought at high prices were forced to sell at a heavy loss, and many of them were completely ruined by the sudden fall in commodity values. Is a somewhat similar condition of affairs possible now? The majority of statements which one analyzes are carrying

abnormally heavy inventories. Not long ago I saw the statement of a knitting mill that had a larger stock of merchandise on hand than its total volume of annual sales for the previous year! True, a good part of this inventory was covered by advance orders, but then look back over the lists in 1907 and see how many firms which had given orders in advance cancelled them when the crash came and refused to accept the goods.

An example of how the totally unexpected may happen in the matter of inventory was furnished a little over a year ago in the case of a number of concerns manufacturing oil well supplies. During the summer of 1918 a good many companies in this line contracted in advance for a heavy stock of merchandise, due to the uncertainty of deliveries by the mills. Many of these in June, July and August contracted for fall deliveries of material which ordinarily they could not possibly have received before well on into 1919. In November the armistice was suddenly declared and the war came to an unexpected end. Relieved of their government contracts, the mills immediately released a vast bulk of goods upon manufacturers of oil well supplies which was totally unexpected and under normal conditions would never have been delivered at that time. I know of one concern that received close on to a million dollars worth of goods. The company was forced to accept the stock and ran up a heavy debt, its statement appearing with large inventory and notes payable items—a poor current ratio. So in analyzing a statement to-day the credit man should pay particular attention to this first danger signal—an overly large inventory. Does the company carry a reserve for stock depreciation and has it taken its inventory at the lowest figure—cost, or market, if lower than cost? How quick a turn-over does the stock compared with the total sales indicate?

Too often in analyzing a statement the Credit Man will pay attention to only one thing—the current ratio, that is, the relative proportion of quick assets to quick debt. If the old, time-worn "two for one" proportion is in evidence, the statement is considered sufficiently analyzed and the company's credit deemed firmly established. It is quite true that the ability of a company to show on its statement a substantial excess of current assets over current liabilities is very important; in fact, quite the most essential thing for ordinary purposes. But we must remember that in looking over any set of figures it is necessary to view them as a whole, rather than compare only one or two groups and rest our entire decision on the results of the showing made by these few. By confining our analysis to only one phase of credit showing we may completely overlook some very important danger signal, with what possible result no one can tell.

One point of especial importance today is the relative size of a company's plant compared to its net worth. During the war a great many concerns, stimulated by unheard of orders and vast increases in volume of business, increased the size of their plants rapidly to keep up with the very heavy demand. Spurred on by rising prices, continued demand and expectation of increasingly large profits, all available liquid capital was rapidly thrust into additional expenditures for plant in order that greater production might result. Extreme optimism as to the continuance of demand led to too great outlays in fixed assets. The possible, and at the present time very probable, danger is quite obvious: a cessation in demand and falling off in prices will leave the companies in question with the greater portion of their assets completely tied up in machinery, buildings, etc., and with a comparatively small net working capital. In looking over the statement the other day of a corporation manufacturing tractors, farm implements, etc., I noticed very substantial increases in plant—during the war the company had manufactured for the Allied Armies a great many caterpillar tanks branching out from its main line of ag-

ricultural implements into this field) and, to handle this business, expenditures of over $2,000,000 had been invested in plant. When the war stopped quite naturally the orders for additional tanks began to decrease rapidly with the result that ordinarily the company might very well have been faced with a serious problem: how to keep the new factories busy turning out goods. As it happened, in this case, the company was protected by the fact that the Government itself had completely financed during the war the new additions to plant, thus forestalling any possible loss on the part of the concern. If this had not been the case the company might very well have found itself in a top heavy financial condition —and this despite the fact that at the present time there appears to be a very substantial demand for farm implements and tractors, not only in domestic circles but also in the exporting line to foreign countries. Of course there are certain types of business in which continued increase in plant seems warranted: Southern cotton mills, paper and pulp manufacturers, and manufacturers of oil well supplies, for instance. The extreme scarcity of cotton goods, the heavy oil booms, and the demand for paper which will apparently far exceed the supply for some time to come are tangible reasons for this. Every newspaper in the country has been forced to curtail its number of issues because it cannot obtain enough paper. No cotton mill in the South but has reported huge dividends earned during the past fifteen months, more orders than it can fill and seemingly little prospect of a cessation in demand. What manufacturer of oil well supplies could not increase his sales by fifty per cent. if only he were able to raise sufficient capital for a substantial increase in plant? But in many other lines, the case is entirely different: "War Babies," mushroom concerns that have sprung up on the sudden tide of seeming prosperity, are the ones to be watched closely. It is these that are beginning to make the list of commercial failures grow. An addition to plant, outwardly a sign of prosperity and increased volume of business, may well become decidedly the opposite. Instead of enlarged orders and growing sales we may find a gradual deflation of an already unwarranted demand, with the result that the company is left stranded, over-extended and bloated in capital assets, and lacking the much-needed motive power of sufficient liquid funds to carry it along.

Hypothecation of accounts has always been a very evident danger signal. Its chief menace lies in its secrecy, the fact that we regard a company's Accounts Receivable as good for their face value, when actually they are pledged away and on liquidation may not represent anything. It is not the fact that a company is pledging its most liquid asset that is bad business (which you so often hear asserted) for if that were so, then a company that discounted its perfectly good trade acceptances at its local bank would be guilty of just as bad business. Borrowing from one's banking connection, then secretly pledging one's accounts on the side in order to obtain more funds, is quite obviously a breach of faith and indication of lack of working capital at the same time. Just at the present time, when money is extremely tight and it is hard to obtain ready funds, the practice of hypothecating accounts has cropped out in a great many credit risks and is decidedly a condition to be watched out for. Among the users of textiles, for instance, the practice is very much on the increase just now and should be particularly scrutinized by the credit men of the wholesale textile houses. From these latter we learn of evidences of dealings between the buyers and discount brokers. It is stated that this condition applies especially to the small manufacturers of garments. In some instances, apparently, the companies in question have opened up accounts with out-of-town depositaries in order to conceal from their local banking connections their relations with the brokers. The fact that money is so tight at the present time and that liquid capital is so scarce quite naturally exaggerates any previous inclination that a concern

may have had at any time to pledge its accounts. It is quite an obvious fact that during the past eight or nine months this condition has not been relieved and bank reserves have been getting thinner. There has been a slight easing up in the tension recently but one wonders if this is more than a temporary relaxation. To quote from Moody's Weekly Review as of March 4: "The pith of the matter is that in the very season when bank reserves ought to increase because of the passing of the crop movement and of the relaxation of mercantile business—they have actually decreased from 16.25 per cent. to 14.32 per cent. The decrease in reserves would be equally large and indeed a little larger if this cash were proportioned to deposits only, instead of to deposits plus circulating notes. From October 10 to February 13, the amount of Federal notes outstanding increased from $2,741,684,000 to $2,959,087,000; and yet during this period our banks, including the Federal Reserve system, lost cash to the extent of $137,000,000." During the month of February, when normally bank reserves should reach their maximum for the entire year, they have actually declined, and according to Moody's report, "the amount of the decline exceeds the amount by which they should have advanced."

In these days of excessive governmental taxation, the statement of every business concern should show a Reserve for Income and Excess Profits Taxes. Very often this reserve will amount up into the hundreds of thousands of dollars, and as it is a quick liability, it is naturally extremely essential that it be carried on the statement. When a Reserve for Federal Taxes is not carried, there is usually some reason for it. Very probably it is because the company indicates on its statement a rather weak current ratio and does not wish to reduce the ratio to a still smaller size by including in the liabilities a tax reserve. Not long ago the statement of a house that is offering its paper on the open market appeared showing obviously this condition of affairs. Its ratio of quick assets to debt for 1918 had been very much more favorable than the 1919 ratio. A substantial reserve amounting to about $300,000 had been carried in the 1918 figures. As no reserve appeared on the 1919 statement the only thing that could be assumed was that the company had concluded that by simply omitting this item altogether, its absence would perhaps be overlooked and the ratio would benefit accordingly. But a company practicing such a policy should realize that this very fact of attempted concealment will often hurt it much more than any open-faced policy of admitting a heavier debt. Any concern which has a large Federal tax bill to pay during the year and which fails to give some evidence on its statement of the impending debt, is obviously not showing its true financial condition to the public.

Abnormal conditions in foreign exchange have undoubtedly had a far-reaching, if sometimes hidden, effect on every industry in the country. Quite naturally the people who have felt the strain most have been the exporters. The downward trend of foreign money values during the past year has rendered entirely speculative various business transactions which before the war were operated on a perfectly normal and secure basis. The credit man should remember that speculation in any business dealing is decidedly a danger signal—enter the element of chance and exit the possibility of a good credit risk. Reports indicate that exporters in the textile trades find themselves in rather a precarious position at the present time, especially the smaller and less firmly established houses. Exporters need large capital to finance their current transactions, and in the present days of tight money and inadequate working resources the little dealer finds himself often in a decidedly embarrassing situation. But recently we read in the newspapers of receivership proceedings being instituted against a large New York exporting concern. Already a number of smaller firms have gone to the wall. Isn't there here a very evident danger sign? The crux of

the matter is this: Exporters generally make their purchases on ten day terms; yet they do not realize on the results of their sales abroad in less than seventy days and often are forced to wait as long as six months before the foreign compensation comes in. What is the result? The exporter necessarily is compelled to have large capital at his command in order to finance but the ordinary business dealings, and frequently has to strain his credit to the limit to bridge the gap intervals between foreign payments. Moreover, the every-day fluctuations in the foreign exchange rates simply tend to heighten the tension. The buyer abroad, knowing that tomorrow or the next day may bring him a more favorable rate in exchange values, is very much inclined to put off paying his bill until tomorrow or the next day in the hope that he may thus secure more favorable terms in money values. Also, bank advances against drafts, documents, etc., are generally for about six per cent. of the amount involved. The difference of forty per cent. the exporter himself has to provide—where is the little man, with money tied up in accounts receivable abroad, to get sufficient funds? Then another situation that has to be faced results when the buyer abroad is unable to make payment or refuses the goods. Transportation back is an expensive matter—nine cases out of ten the exporter has to locate some other foreign buyer who will take the goods off his hands. If he does discover a new purchaser, new terms involving an additional wait for payment must be extended to him, with the possibility of the seemingly endless cycle being repeated again.

Quite obviously the exporter finds himself to-day in a position requiring very careful going. What must be the credit man's viewpoint, who is loaning his institution's money to finance him?

The recent strike of workingmen in the New Bedford textile mills has brought out very clearly another cardinal point in the judging of any credit risk to-day: the status of labor conditions in the industry under scrutiny. The strike in the mills just mentioned has threatened to spread over all New England and tie up completely the textile manufacturing industry in the East. Strikers are demanding increases in pay varying from seventeen to fifty per cent. Production of cloth at the present time in these mills is practically at a standstill. What effect will this labor eruption have upon the concerns in question, if stretched out over an extended period of time, and how far reaching will be its influence upon textile houses making their purchases from these mills? Only organizations who have gone through the sufferings of a strike and seen a year's earnings go by the board in the course of a few weeks' time, can answer this question. The result of a general labor walk-out is often to cripple permanently an industry and its interested trade organizations. No credit man can consider a risk safe until he has carefully looked into the labor situation in question, and definitely determined the possibility of a walk-out.

"Does the company take advantage of the discount offered?" In twenty-four cases out of twenty-five that will be the first question asked by a credit man about a credit risk. It is such a stock question and the reason for it being asked is so obvious that little comment is needed. Invariable discounters of bills are seldom poor credit risks. Meeting one's obligations on the shortest and most advantageous terms on the face indicates ready funds and good financing. The strongest houses are usually the most reliable discounters. Slow pay and obligations allowed to run over-due are immediate danger signals, suggesting either inadequate working capital or lack of realization of the moral responsibility assumed when incurring a debt. Yet simply to lay down the general principle that all business houses should take advantage of cash discounts where offered is not a sufficiently definite rule for thorough credit analysis. It is a fact that in some lines the discount privilege is offered and few houses make use of it. In other businesses where the privilege is extended, ninety per cent. of the tradespeople

take the discount on the shortest terms. Quite obviously here is something that the credit man should investigate. In the former case little or nothing is indicated if the house under scrutiny fails to discount its bills. In the latter an immediate danger signal is presented: why, if ninety per cent. of the other tradespeople can take the discount, is the subject company unable to do likewise? Quite room for further thought and investigation, obviously. It is therefore necessary for us to be as definite as possible and run over a few of the leading trades in which we have learned of some well-defined customs regarding the discount privilege. In the wholesale grocery business, for instance, grocers in a majority of cases make use of the discount privilege. It is claimed, in fact, that a grocer's profits during a year generally depend upon his ability to take advantage of the discount, and if he is unable to make use of this privilege he will find little accruing to him in the way of net profits. Here, then, is a danger signal for this type of industry: does the wholesale groceryman discount his bills? If not, why not? Where are his profits coming from? As to retail grocers, it is stated that a large percentage, in many cases over fifty per cent., take advantage of the cash discount. Again, in the hardware line, as far as the jobber is concerned, the same rule appears to apply. It is stated that the hardware jobber generally discounts his bills and that his net profits consist to a considerable amount of the funds saved by earned discounts. In this line, then, the man who fails to follow the established custom of discounting must be failing from some definite cause, probably scarcity of ready cash and the running of his business on a narrow margin of leeway. In still another line of business, that of dealers in mill supplies and machine tools, we are informed that quite another custom prevails and that the percentage of dealers' customers who discount their bills is proportionately small, apparently only about one-third taking advantage of the privilege. In this connection the "Federal Reserve Bulletin" of February, 1920, also throws an interesting sidelight on the offering of the discount by manufacturers of mill supplies and machine tools: "Machine tools, on the other hand, are sold by many of the large manufacturers on terms of net 30 days. It is stated from several sources that discounts given are largely by the newer and smaller manufacturers, possessing less financial strength, and therefore less desirous of having capital tied up in receivables, but who after several years discontinue the same." The rubber goods industry also presents some interesting statistics. It is stated that regular terms by manufacturers on tires are five per cent. 10th proximo, and that from seventy-five to eighty-five per cent. of the accounts are paid by the 10th proximo as stipulated. Apparently the small garage dealer presents the greatest credit risk and is the slowest pay; one estimate states, according to the Federal Reserve Bulletin, that ninety-five per cent. of jobbers and sixty-five per cent. of dealers take advantage of the discount. Again we quote from the "Federal Reserve Bulletin": "As would be expected, the percentage of discounters on mechanical goods, druggists' sundries, and insulated wire is stated to be considerably less than on tires. One manufacturer states that buyers of mechanical goods in general do not discount, as the average purchase is small and the discount not large enough to be an incentive. More than half of the footwear customers (rubbers, etc.) are reported to anticipate." In the spice industry, terms of sale by importers and jobbers are one-half per cent., seven days, net thirty, and it is said that the discount privilege is generally made use of by purchasers. In the sale of confectionery by manufacturers to wholesalers, fifty per cent. of the purchases are generally said to be discounted, although apparently New York State manufacturers estimate that from seventy to eighty per cent. of their customers discount their obligations. In the tobacco industry, terms of 2/10/60 by manufacturers and jobbers of cigarettes, snuff, plug, twist, smoking and

chewing tobacco, etc., are said to be discounted by dealers in practically all cases. In the meat-packing industry, it is stated that sugar-cured meats, such as ham and bacon, are sold sometimes on terms of one-half per cent., 10 days, net 30, although actually buyers seldom take advantage of the discount. In the case of the sale of gasoline and kerosine, it appears that while terms are generally net 30 days, in the midcontinent field a discount of one per cent. for payment is customary and practically all buyers discount their bills, the customers who take thirty days being generally regarded as undesirable.

From these few examples we are able to learn how essential it is for the credit man to know the trade to which he is lending his institution's money, and how easy it is for him to pass by unawares some common danger signal, simply because that particular sign does not happen to be a danger signal in another line of business with which he is more familiar.

In recent months a problem that has seriously affected the country's production has been the acute car shortage and the numerous railroad embargoes holding up the deliveries of both finished goods and raw materials. In certain cases mills have had to shut down completely because of inability to secure a sufficient supply of raw material. During the month of March conditions in New England were particularly bad, with goods piling up in the manufacturing towns and the amount of transportation to move them totally inadequate. In Boston it is reported that approximately $100,000,000 worth of Egyptian cotton was tied up because of a port strike and certain governmental requirements regarding fumigation which prevented the prompt moving of the goods. In the iron and steel industries and among producers of coal and coke, widespread apprehension is also evidenced because of the continued shortage in cars and the enforced scaling down in production. In the brick industry reports indicate that in certain instances plants are running only fifty per cent. of capacity because of the lack of available transportation. Throughout the Middle-Western states the shortage has especially been felt in the moving of wheat and corn from the farms and the interior elevators, and in Federal Reserve district number 9 it is reported that approximately 60,000 cars are needed to move what is left of last season's crop in the grain growing districts. Similar reports regarding the car shortage from lumber mill owners, dealers in building material supplies and exporters indicate that inadequate transportation is having a serious effect upon the prosperity of innumerable industries throughout the country.

It is very important, then, for the Credit Man to ask himself these questions in judging a credit risk in which the problem for car shortage may be involved: How far from the base of raw materials is this company? How close to the market for its finished product? Is the base of fuel supply close at hand? What are the expenses of transportation?

It is also well to remember that railroad embargoes and car shortages affect not only the business industry itself but are liable to place a direct burden upon the industry's banking connections. Goods in transit must be financed by somebody, either by the buyer or the seller, according to the terms of sale. It often happens, however, that neither of these two has the necessary working capital with which to tide over the delay while the goods are held up, with the result that the banker is forced to yield to requests for more accommodation, and himself assumes the burden of carrying the proposition along. A tie-up in the system of railroad transportation can mean only one thing: a slowing up in the turnover of merchandise and increased demands for credit accommodation by the parties concerned. This fact alone calls for cautious treading by any banking credit man.

In considering the various danger signals with which we seem to be faced at the present time, one cannot help wondering just what they all portend and where they are leading us. What

does it all mean? What are we coming to? Is the credit bubble which is being puffed higher and higher some day going to burst? These are questions which seem to be on everybody's lips and to which we are all looking for some sort of an answer.

Probably there is no one in business to-day who is enough of a prophet to give even a fairly accurate answer. Changes in the world's financial position have been so startling in the last six years that we can only realize how futile it is to state positively that certain things will or cannot happen. Most of us believe that a panic such as we had in 1907 cannot again come to pass. Runs on banks and a rush by depositors to withdraw funds seem both improbable under our present Federal Reserve system. Our method of credit extension appears to be sufficiently elastic to prevent an industrial panic. But who can tell? Prior to the war what banker would not have positively labelled as bankrupt a country that, operating on a gold basis, repudiated its obligations to pay in gold? Who would have believed that such a nation could have continued to exist and be regarded as a worthy debtor? Yet one country after another, until practically the whole world was included, did this very thing —withdrew gold from circulation and suspended gold payments. It is an only too evident fact that the war brought about a complete revolution of some of our pre-war doctrines and traditions.

Conditions at the present time do not seem to warrant optimism. Prior to the war we were a debtor nation; yet in four years' time we piled up such huge trade balances to our favor with foreign countries that when the armistice came in November of 1918 it found us a nation of creditors for the entire world. At the end of the year 1913, out of the world's total supply of gold we held only about twenty-three per cent. In the spring of 1919 we were in possession of over one-third of the world's store! At first thought this might seem a very splendid manifestation of our general prosperity. But we must not forget the attendant circumstance which is regarded as a serious menace: that these new supplies of gold became the basis for just as huge and proportionate extensions of credit and indebtedness, with the result that the loans of our country's banking institutions have more than doubled since June 30, 1914. As we received more and more gold we became more and more lax in our methods of extending credit and allowed borrowings to become commensurately inflated, without realizing that the vast supply of gold was simply an abnormal condition due to war exigencies and that it would be seriously reduced upon the return to normal conditions and influences. The result is that we have built up a great credit structure and are now seeing its foundations pulled away.

Paper money since the beginning of the war has seen a tremendous inflation. At the commencement of hostilities the world's total issue amounted to only about $7,000,000,000. At the time of the armistice it had grown to $40,000,000,000, exclusive of the issues of the Bolshevik Russian Government. To-day it amounts to the stupendous figure of approximately $56,000,000,000. Yet there is still talk of greater issues.

The need for greater and greater production is continually being advanced as the only solution to the situation as it exists to-day. Yet that production is not increasing at or near the desired rate is quite obvious. Labor unions and strikes are doing their share to complicate the matter. The working man to-day is demanding vastly higher wages and yet is vastly less efficient than the working man of six years ago. Industries have been forced to give in to striking union men because the country is short of labor as of everything else. Factories cannot produce without men to run the machinery, yet there are simply not enough laboring men to go around. Immigration does not offer any prospects of filling up the dearth, for statistics show that the people coming into the country are mostly women and children from whom little unskilled la-

bor can be recruited. During the war men of foreign birth rushed back to their native countries to enlist and vastly decreased our labor supply, with the result that we are now approximately 4,000,000 short. Where can we get more men?

Consideration of all these facts must needs make the credit man of to-day cautious. It is a time for extreme conservatism and careful scrutiny. Funds must be loaned solely where they do the most good and where a real need is felt. Credit should be extended only where credit is really warranted. Danger signals must be regarded as red flags that demand an immediate investigation. It is time for proper discrimination, for on the success of our own extension of credit will depend our own success or failure. Rome was not built in a day—but it was burned in a night. If that night should come, the only saving factor in business industry will be legitimate credit legitimately and carefully placed.



Gaining the Co-operation of the Stockholder

MANY banks overlook the possibilities for business expansion through gaining the enthusiastic co-operation of the stockholders. Most bank stockholders are influential business men in their community and through their influence should be able to turn to the bank a lot of valuable accounts. But in order to get them to do this it is necessary to awaken a sense of loyalty to the bank.

The Lincoln National Bank of Rochester, New York, makes a step in the right direction in the following letter written to the stockholders and sent out with dividend checks. This is an especially opportune time to make the right sort of appeal to the stockholder because the receipt of the dividend visualizes in his mind the possibility for still greater profits by the increased expansion of the business of his bank. The letter follows:

A check is enclosed herewith for a dividend upon your stock at the rate of 3½%. The total dividends paid for the year 1919 amount to 14% upon our capital stock. We are pleased to have been able to return you so well upon your investment. We are confident, however, that we might do even better in the future.

A bank exists because of the service it renders to the business community. Its profits increase as its service expands and its service develops in proportion as its patronage is extended.

Do you as a stockholder leave the bringing in to this bank of new patrons exclusively to the active officers or to the directors? The officers and directors are continually endeavoring to place upon our books the names of additional customers; and perhaps they may do so more easily because of their closer touch with and more intimate knowledge of the bank's affairs. But do you realize that you come into contact with people whom the officers and directors may not be able to reach; and further that a word from you as to opening an account with the Lincoln National Bank might have more influence than the same request from one actively identified with the management and from whom the request might be looked upon as a duty?

Mention the satisfaction with which your business is handled here, the courteous treatment you receive, or any incident in your experience that illustrates the policy of the institution to serve not only well but completely.

This business is in part yours—if it profits you profit. Your help in the expansion of the business is desirable and will be appreciated by those in active charge of the management. We aim to have an institution that grows as the business of this community develops and that maintains its place as a leader in the commercial life of Rochester.

Yours very truly,

PRESIDENT.



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Golden Gate, San Francisco, Cal.

Seventh National Foreign Trade Convention

Large and Successful Meeting at San Francisco, May 12-15

WHILE the people of the United States are just now engrossed in important domestic problems, the business men are not neglecting the duties and opportunities which foreign trade offers. This was abundantly shown at the recent Foreign Trade Convention at San Francisco where some three thousand representative business men assembled from all sections of the country, and from a number of foreign lands as well, to discuss and to consider policies and methods for enlarging the commercial and financial relations between the United States and the outside world.

Although those participating in the deliberations of the Convention included a number of men eminent in the world of business and finance, the attendance was chiefly remarkable as comprising the men most active in trade and industry—those who are dealing with the actualities of business, both domestic and foreign.

The large attendance from the Pacific Coast cities showed that this section of the country is keenly alive to the opportunities offered through an increase of our foreign trade. Seattle, Tacoma, Portland, Los Angeles and the cities clustering around San Francisco were well represented. The Portland delegation was especially large and enthusiastic.

There exists in the chief Pacific Coast cities a feeling that their section is to gain a very large share of the world's future commerce, especially with those countries which lie on the Pacific side of the globe. It is recognized that this will depend to a considerable extent upon the growing consuming power of India, China and Eastern Siberia, but that this trade is bound to be enormous even under present conditions. Manifestly, it is recognized also that the Pacific Coast must enlarge its manufacturing in order to be able to supply the demands of the countries named and of others. With the vast resources of minerals, timber, fuel, agricultural wealth and water power, the means for such enlargement lie ready at hand. And their utilization is not being neglected, as the growing output of manufactures witnesses.

Before passing from the local aspects

of the recent convention, mention must be made of the excellent provisions made by the San Francisco committee for the success of the meeting. The arrangements could not have been better than they were. Probably in the number and enjoyable nature of the entertainment provided for the ladies who visited San Francisco during the convention a new record was made for meetings of this sort.

THE TOPIC DISCUSSED

Hardly any subject directly or collaterally related to our foreign trade was omitted in the discussions either at the general sessions or the group meetings. In the general sessions the topic, "Fundamentals of Our Foreign Trade," was discussed by James A. Farrell, president U. S. Steel Corporation; E. P. Thomas, president U. S. Steel Products Co.; Fred L. Lipman, vice-president Wells Fargo Nevada National Bank, San Francisco, and Fred I. Kent, vice-president Bankers Trust Co., New York. "Exports and Imports" occupied the attention of the convention at its second general session, the speakers being George E. Roberts, vice-president of the National City Bank, New York; Frederick J. Koster, president California Barrel Co., and William Sproule, president Southern Pacific Railway. At the third general session the topic was "Foreign Trade Policies," the discussion being carried on by Henry Suzzalo, president University of Washington; C. W. Whittemore, of the American Chamber of Commerce, Buenos Aires; A. R. Hager, of Shanghai; Robert H. Patchin, of W. R. Grace & Co., and W. W. Nichols, of the Allis Chalmers Co. The fourth general session was devoted to "The Merchant Marine," the speakers being William H. Knox, president W. H. Knox & Co.; Hendon Chubb, of Chubb & Sons; A. C. Bedford, chairman of board, Standard Oil Co. of New Jersey; E. J. Enney, president William Cory-Mann-George Corporation; John E. Barber, of Harris, Forbes & Co. In bringing the proceedings to a close, the general session considered a "National Programme for Foreign Trade."

Besides the general sessions of the convention held in the main hall of the Civic Auditorium, there were fifteen groups which held meetings in rooms specially assigned them. These group sessions were largely attended and afforded an opportunity for a better hearing of the discussions than was possible in the vast hall of the Auditorium. Here are the topics which the fifteen groups discussed: "Education for Foreign Trade," "Financing Foreign Trade," "Transportation and Communication," "Foreign Trade Advertising," "Direct Selling Abroad," "Banking Service to Foreign Trade," "Trade With the Orient," "Foreign Trade and the Press," "Foreign Credits and Credit Information," "American Trade with Russia," "Foreign Trade Information," "Practical Problems of the Export Manager," "Webb Law in Operation," "Pacific Problems," and "Latin-American Trade Relations."

When it is recalled that there were from three to five speakers handling subdivisions of the topics above named, some idea may be had of the broad scope of the treatment accorded to them. An enumeration of the speakers' names would disclose a number of those recognized as men of wide practical knowledge of the matters they were discussing.

Perhaps the best concrete idea of the purposes of the convention may be had from the report of the general convention committee, presented by James A. Farrell, chairman of the National Foreign Trade Council, and which was as follows:

The United States as a creditor nation should afford to other nations every fair and reasonable opportunity to sell their products to us, especially of raw materials without detriment to existing industries. (a) To permit of the liquidation of the obligations of the debtor nations. (b) To promote exchange of products in view of the impossibility of their making all payments in gold. (c) To provide return cargoes for our merchant marine, and (d) to relieve the demoralization of industry and exchange in Europe.

ENCOURAGE PRODUCERS

Every proper measure should be devised to encourage our manufacturers and producers to exercise the full employment of

all their facilities, (a) to satisfy home demand, and (b) to provide a surplus for foreign consumption, for the occupation of our merchant marine, and for the provision of supplies to foreign nations more than ever dependent on us under present conditions for articles of necessity and sustenance, or for materials to rehabilitate their depleted stocks and war-worn industries.

As collateral influence in this programme of expansion of exports and imports, it is important that (a) the interest of producers generally should be safeguarded and maintained on a fair and equitable basis; (b) that production should be increased to the maximum in order to restore normal conditions of employment and living; that our banking institutions should be afforded protection from the Government of the country where domiciled that foreign enterprises domiciled in the United States receive from this Government.

MERCHANT MARINE

Our merchant marine should revert as soon as practicable entirely to private ownership and operation as contemplated by the act creating the Shipping Board. We urge that legislation be passed promptly providing for the sale of Government-owned tonnage on terms uniform to all buyers, having regard to the current cost of building vessels of similar type and tonnage in American shipyards. Unsold ships should be chartered at current market rates for world ton-



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Auditorium where the Seventh National Foreign Trade Convention was held, San Francisco, Cal.

every reasonable opportunity and protection in their efforts to expand their services to foreign commerce and in enlisting the interest of American investors in foreign securities, with united action to this end, if possible, by exporters, bankers, manufacturers and other producers of this country; (d) that a greater number of American merchandising houses should be established abroad to sell our goods, buy foreign goods and create a better trade and financial situation.

EXPANSION OF EXPORTS

Many associations have been formed under the Webb-Pomerene act, resulting in expansion of American exports. As time goes on supplemental legislation may be necessary to further develop national trade. The Government should maintain as a principle of foreign policy that American enterprise abroad is entitled to the same measure of

nage, without restriction as to trade routes.

Owing to the insufficient number of passenger vessels in the transpacific and South American trade, measures should be taken to relieve the situation by promptly utilizing available passenger vessels in their trades.

NAVIGATION INQUIRY

The investigation of the American navigation system which the Shipping Board was directed by its organic act to effect should be completed with the least possible delay and such revision and improvement made as will enable the operation of the American merchant marine on a fair competitive basis.

Shipbuilding has become a great industry and we should build for the world's markets, as well as for our own requirements. American ships were once among the largest of our exports and there is no reason why they should not be so again. We sell locomotives

and freight cars and other manufactured products in all the markets of the world.

A steamship is a commodity of commerce like any other product of the mechanic art and labor should be employed in the building of ships for export as well as in the production of shipbuilding materials for export.

The convention considers that this important adjunct to foreign commerce can best be carried on by private enterprise. The state and Federal governments are urged to take steps to remove those disabilities caused by non-conformity of state laws and excessive taxation which place American insurance companies at a disadvantage with the foreign insurance markets with which we must necessarily compete.

The vast market which the United States offers to other nations on a basis of equality; the supplies of American raw materials exported without taxation or discrimination, and the large tonnage available in our ports to foreign shipping on equal terms with our own, entitle American export and import trade to equality of treatment in all foreign markets.

To insure such equality of treatment, the American tariff, whatever its underlying principle, should provide for additional duties on imports from nations discriminating, by tariffs or administrative practices, against the trade of the United States.

TARIFF REVISION

For the non-partisan and scientific ascertainment of the effect upon our commerce of the world-wide readjustment of commercial treaties, revision of tariffs and erection of new preferences and discriminations the appropriations for the maintenance of the United States Tariff Commission should be increased, and its investigations supported by Congress and the business public.

Efficient rail and inland waterway transportation is no less a part of export and import trade than ocean shipping. Sound public policy supporting private operation of the railways is imperative. Continued development of inland waterways is necessary to the perfection of economic trade routes.

CABLES AND MAILS

Conditions of communication with foreign countries are intolerable. The delays in foreign cables and mails hamper commerce and greatly increase the cost and risk of doing business. Additional cable facilities and the extension of wireless telegraph service are imperative.

The expansion of our foreign trade can be greatly facilitated by the further establishment of American chambers of commerce abroad and foreign trade sections of domestic commercial organizations. Effective assistance already has been afforded by these instrumentalities in promoting reciprocal relations, commercial arbitration and adherence by their nations to the best trade practice.

The establishment of foreign trade zones at the principal American ports, where products from all countries can be assembled, classified, manufactured and reshipped, will be of great importance in developing full cargoes both ways, so essential to the success of the new American merchant marine.

The activity of the Postoffice Department in extending international parcel post facilities for the United States is highly commendable. It is hoped this activity will be continued until the service has been established with all nations and colonies.

CONSULAR SERVICE

The State Department should have adequate and competent representation in all lands, and especially in those new nations sprung from the reorganization following the war; its representatives should be properly compensated and housed and equipped with the means for effective service.

Legislation should be enacted establishing both the diplomatic and the consular service on a basis which will attract competent and ambitious young men into our foreign service as a permanent vocation.

The commercial attache and trade commissioner service of the Bureau of Foreign and Domestic Commerce should be materially expanded and placed upon a permanent basis with an adequate scale of compensation.

There should be such reorganization of the foreign service of the Government as will eliminate duplication of effort and enable it continuously to perform that effective work essential to the fullest development of our foreign trade.

Only in such measure as we equip our business agents and official representatives with accurate knowledge of foreign markets, with practical knowledge of foreign languages and with a wide knowledge of the economical social and political conditions prevailing among the people of the other lands, may be expect them effectively to represent us in official life or successfully promote the expansion of our commerce.

The convention, therefore, emphasizes the need of scientific educational preparations for overseas commerce by which the youth of the land may be fitted to cope with and solve intelligently the problems growing out of our increased participation in international affairs. Such training is an essential and fundamental factor in any successful foreign trade policy.

FEDERAL INCORPORATION

American companies in China must operate under American laws, owing to extra-territorial treaties with China. The present American laws do not give our corporations the same opportunity as corporations of other nations with which we must compete for trade in China.

Under the Hongkong ordinance, our British competitors operate as Chinese companies without income tax. American companies that have organized under the Hongkong ordinances are compelled by recent British "orders in council" to replace American directors and executives by British.

Bills now pending in Congress, if enacted, will permit such companies to return to the protection of the American flag and will encourage the formation of new American enterprises in China for further development of foreign trade.

These bills provide for Federal incorporation, and will enable American companies to compete with corporations of other nationalities on even terms with respect to taxation.

A treaty of peace safeguarding every fundamental principle of the Government of the United States and protecting the rights of American citizens should be effective without delay.

An examination of the list of topics heretofore given, and the number of speakers dealing with them, will show how impossible it is even to summarize these addresses within the limits of a single issue of a magazine. One or two of the papers presented, and extracts from others are given below:

THE FUNCTION OF IMPORTS IN OUR FOREIGN TRADE

By George E. Roberts,

Vice-President, National City Bank of New York

The great war has brought about certain changes of a fundamental character affecting trade and financial relations between the United States and other countries, and those changes must be fully comprehended if we are to plan intelligently for the future. Our trade relations in the past have developed in harmony with our past position as a borrowing nation, a debtor nation on account of foreign investments. We were a new country of vast undeveloped resources, affording opportunity for cheap production of foodstuffs and raw materials, of which the world and particularly the countries of Europe, were in need. Our population grew rapidly by immigration from Europe, and, in the earlier years of our development, from the countries of Europe most advanced in the arts of industry and in accumulations of capital. It was natural under these circumstances and with the development of steam power in transportation that capital should flow freely from Europe to this country for investment; and the earnings of this capital, unless re-invested here, were a charge against us in the international exchanges. This situation existed not only in the early years of development, but up to the outbreak of the war. European holdings of our securities were largely increased in the period of expansion which began about 1900. During the ten years next preceding the outbreak of the war the average annual balance of trade in favor of the United States on merchandise account was approximately $500,000,000, and it was practically offset by the balance in what has been called the invisible account—in other words, by interest and dividend payments upon American securities held abroad, charges of foreign shipping against our commerce, earnings of foreign insurance companies in this country, commissions of foreign bankers, expenditures of American tourists abroad, remittances of our foreign-born residents to relatives in the old countries, etc.

It is evident that the war has disturbed this old state of equilibrium. We have bought back most of the American securities which were held abroad and the interest and dividends upon them hereafter will remain at home. We are building a great fleet of merchant ships with the intention of carrying a larger portion of the overseas trade, and we have become creditors to Europe in a very large amount. Including the loans of the United States Government to the governments associated with it in the war, the balance in our favor upon interest account is doubtless considerably above $500,000,000 per annum.

What effect will this shift of the balance of payments in the "invisible" account have upon our foreign trade? How many people have realized that there is a relationship between the two classes of payments, or that they have influence upon each other? And yet a moment's reflection will show that the payments and receipts of a country in international relations must balance in the aggregate. Nothing is given away. Eager as everybody is for trade, nobody wants to sell unless he receives in some form what he considers an equivalent; and a country which is a debtor on capital account must not only pay for all the goods it imports but keep up its interest payments besides. It follows, therefore, that a borrowing country normally exports more commodities than it imports and that a lending country normally imports more than it exports. "Normally" in this case means "in the long run" and without taking account of new lending operations.

In the past it was necessary for the United States to have a trade balance of approximately $500,000,000 per year in order to pay the charges accruing against it abroad; but in the future it will be necessary for the United States to receive a balance of perhaps an equal amount in order to collect the interest running in its favor and against other countries.

This may sound to some people like a startling and even alarming change. Our



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own history has accustomed us to thinking that we must have a trade balance in our favor in order to be in a sound and prosperous condition, but that was true because we were in a debtor position. We had to have an excess of exports over imports sufficient to meet the other charges in the account against us, or we had to settle the difference in gold or securities, and if gold was withdrawn from our bank reserves for the purpose it meant a contraction of credit, a check to enterprise and probably a period of falling prices and business depression. Our belief in the necessity for a favorable trade balance has been based upon our own experience that good times came with the trade balance and that bad times came when the balance turned against us; but we must now consider that our position is reversed, that our own requirements are reversed, and that the countries which are now debtor to us need to have the favorable trade balance for the same reason that we formerly required it. It is in the interest of both sides that the debtor country shall have the favorable trade balance, because that is the only condition under which it can meet its obligations.

As between individuals there are only three ways in which a settlement can be made. You pay in cash, or you pay in trade, or you give your note, which of course is not a final settlement, but a postponement to a more convenient time. As between nations the situation is just the same. You pay in gold, which is the cash of international transactions; or you pay in trade; or you pay in securities which are evidence of continuing obligations. Now, we know that foreign countries will not be able to pay us in gold, for the total production of gold in the world outside of the United States is less than $400,000,000 per year; and even if the debtor countries were able to send us considerable sums in gold, the effect would be to cause a further inflation of prices in this country, which would be to our disadvantage in foreign trade and an injury to us at home. It would be idle and unintelligent for us to meet in conventions and plan to build up a great export trade expecting to collect the proceeds in gold.

IMPORTANCE OF IMPORTS

We have done too much of this in the past. We have given all our thought to exports, to selling our products in other countries, without considering how the foreign customers we are seeking will be able to make payments for their purchases. That problem is just as much ours as theirs, for they cannot solve it without our help, and they cannot buy unless they are able to render reciprocal services to us.

In normal times an exporter gives little attention to how a foreign purchaser will make payment. He turns his foreign drafts over to his banker and gets credit for them, with scarcely a thought as to the means by which these drafts are settled. He doesn't realize that they are paid with the proceeds of foreign products coming into the country. The services of the banker relieve him of the necessity of personally arranging the barter of his goods in foreign markets, but fundamentally trade is barter and it must be thought of as such to understand it.

Nothing but the disorganized state of industry in Europe and the pressing necessities of the world enable our exports to continue as at present. They buy of us because there is no alternative. But the world will not remain forever in its present state. Gradually order will be restored, production will be resumed and business will get back to a competitive basis. We must consider what our position will be when that time comes.

We have been accustomed to say that the exchanges are in our favor when the dollar rates above the other currencies. They are in our favor in the sense that for the moment we are selling more than we are buying, and that the dollar holds the commanding position in the markets of the world. They are in our favor for buying purposes; they are in our favor for importing purposes, but they are not in our favor for selling purposes. Dollar drafts at a premium upon dollar exchange is an obstacle to our export trade which will be compelled to reckon with.

STUDY OF CANADIAN TRADE

The case of our neighbor, Canada, affords an opportunity to study the effects of an unbalanced trade, and to observe the influences which naturally come into play to restore the balance. The balance in favor of the United States in trade with Canada in three years has averaged over $300,000,000 per year. If the total of all payments running each way were the same, the drafts drawn in each country on the other would meet in the clearing houses and offset each other, and exchange would be at par. But with these heavy balances running against Canada there is need for Canadians to make greater payments in the United States than the credits created by their exports will cover.

Canada has favorable balances in her favor in trade with other countries, but those countries also are in debt to the United States, so that those balances cannot be used for settlement here. Under ordinary conditions, the Canadian banks would ship gold, but the total gold reserves of Canada are not much above $200,000,000, and the reserves might be drained entirely away.

The situation is that there is a greater demand in Canada for means of making settlements in the United States than can be readily satisfied, with the result that exchange has been forced to a premium. In the fall of 1918 the premium was about 2



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per cent., in the spring of 1919 it was about three per cent., in the early fall of 1919 it was four per cent., in November it was five per cent.; in January, 1920, it was ten per cent., and in February it was fifteen per cent. This premium is not fixed in the United States; it results from competition in Canada for the means of payment in the United States. It is not a reflection upon the credit of Canadian traders; the Canadian purchaser may have ample funds with his own bankers to make the payments. It is not a reflection upon Canadian bankers or Canadian money. Canadian Government credit is not involved at all. It is not a situation caused by bankers or that can be remedied by bankers. The situation arises from a state of one-sided trade, and from the difficulty under such conditions of making payments in another country and a different currency.

The premium is an open offer to anyone who will come forward and provide means of payment in the United States. It amounts to an inducement in the nature of a bounty for Canadians to export products to the United States and sell the exchange thus created. The Canadian paper and pulp manufacturers are making a handsome additional profit on their sales in the United States by selling their American drafts at a premium.

And while it encourages exports from Canada to this country it burdens and discourages exports from this country to Canada. The Canadian purchaser of American goods must pay the price in this country and then pay a premium of ten or fifteen per cent. to obtain the means of payment.

Canada, among all countries, next to Great Britain, is the best customer for American goods, but the Canadians cannot buy without the means of paying. Our trade is being curtailed, partly by the added cost resulting from the exchange rates and partly by a deliberate policy. There is public agitation in Canada against any purchases in the United States except of goods that are indispensable, and there is talk of an embargo.

Our exporters are dealing with the situation as best they can. Some of them are dividing the cost of exchange with their Canadian customers, some of them are accepting pay in Canadian funds, and converting those funds into Canadian securities or other permanent investments on that side of the line, which is probably all right if they can spare the capital from their business. Others have abandoned the Canadian trade. All of the foregoing expedients are of only temporary value. If the balance continues to pile up, the exchange situation inevitably will grow worse. There is no stopping point until the balances cease to accumulate.

I use the case of Canada as an illustration because the situation there is clearly the result of an unbalanced trade. Exchange rates with some of the countries

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of Europe are affected by inflated and depreciated currencies; but while there is doubtless a degree of inflation in Canada, we cannot say there is any more than in the United States. The situation as to the two countries therefore affords a clear demonstration of the effect of a one-sided trade upon exchange rates and of the vital part which exchange rates play in foreign trade.

The plain truth is that if in our relations with the rest of the world the balance of payments runs continually in our favor, both on trade account and on interest account, exchange rates will rise against us as the balances increase, discouraging exports and encouraging imports, until the trade is brought substantially into balance.

Every situation like this brings a lot of people to the front with remedies. There are proposals for an international currency, an international gold reserve, an international clearing house, an international bank and for a Government foreign bank on our own account. All of these proposals overlook the fundamental truth that trade is essentially barter and in the long run must settle itself. Gold is a convenient medium for settling balances which run one way for a few months and the other way for a few months; but international trade is on such a great scale that the amount of gold available for payments is small in comparison. There isn't gold enough in all Europe to pay its adverse trade balance with the United States last year. Moreover, no country will allow its banking reserves to be disturbed unduly. We ourselves would be as quick as any to establish an embargo if our gold reserves were seriously threatened. The plain fact is that in the nature of things trade must be kept on the basis of barter; it must be brought into balance, and high exchange rates are the natural and only effective means of bringing it into balance.

A NEW ECONOMIC SITUATION

We are confronted then with a new economic situation, which we are bound to recognize. We must give attention as good merchants to the conditions which confront our would-be customers and the means which they possess for making payments. The purchasing power of every country is in its own powers of production, and unless it can use those powers and market the product of its industries, it will not be in position to pay or buy. The whole scheme for which this Council is organized, the promotion of foreign trade, might as well be abandoned, unless we are ready to consider the development of real trade, the exchange of our products for the products of other peoples.

It is a mistake for us to advocate foreign trade, as is sometimes done, on the ground that we have so greatly increased our general productive capacity that we cannot consume the output of our industries. That is not true in a general sense, including all the industries. The people of the United States could easily consume a volume of production equivalent to twice the present industrial capacity of the country, provided production was adjusted and balanced to their wants. Everybody would like to have twice as much house-room, and an automobile and other things to go with it. There is no limit upon our ability to consume; the limit on the whole is upon production. But in some lines of production we have developed our capacity beyond the demands of our people for those products, and we want to exchange such products for other things of which we are in need. We cannot dispose of them, or use that industrial capacity, except on a basis of exchange. That is the real situation as to foreign trade.

Now what are we going to do about it? And, particularly, what will be the attitude of associations like this, organized for the promotion of foreign trade? The subject undoubtedly presents some difficulties. A proposal to adopt a policy of greater liberality toward imports than this country has maintained habitually in the past will run counter to the long-established views of many people, arouse apprehensions and perhaps create some dissension even within the Council itself, but the question must be dealt with, one way or the other. An argument can be made for a policy of exclusion and isolation, keeping out all foreign products which are competitive in any degree with our own and restricting our exports correspondingly; and another argument may be made in favor of a more liberal policy which will afford an opportunity for a larger development of trade on mutually advantageous lines; but no well-supported argument can be made in favor of trying to expand our exports without increasing our imports. That is a waste of energy; it simply cannot be done. We must choose a consistent course.

MAKING OUR WAY INTO WORLD MARKETS

In my opinion it is inconceivable that the people of the United States will adopt permanently a policy which lays all emphasis upon being self-contained and which would restrict and handicap those industries, which are able to compete in all markets, for the sake of other industries which do not have like possibilities of growth. The largest possibilities for the country lie in the industries which can make their way in world markets. The genius of our people will not be satisfied without a chance in the markets of the world. The facilities for travel and transportation are such that it is inevitable that trade shall reach across national boundaries, and it is favorable to national efficiency and development and in the common interest of industrial progress that this shall be the case. In saying this, however, I am not making a declaration in favor of any radical change from the policy which is embodied in our laws to-day. Nothing should

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be done that will change materially the position of the great essential industries of the country in which thousands of people are employed and millions of capital are invested. It is not desirable to unsettle these industries, and to a great extent they are quite secure in their own strength.

Industry is undergoing constant changes, the volume of trade is rapidly increasing, and if we are guided in the future by recognition of the reciprocal nature of all permanent trade it is not likely that tariff changes materially affecting existing industries will need to be made.

We are in the debtor position on trade account toward South America and Asia, and in a creditor position toward Europe, Africa and the other countries of North America. Conditions are unfavorable to an expansion of our exports to Europe and Canada, but favorable to such expansion in South America and Asia, providing we continue to receive the products of the latter upon present terms. These products are mainly foodstuffs and raw materials which are required in our industries and they come into competition with our own products only in the sense that the domestic supply is insufficient to meet our wants. Wool and hides are examples of these products. There is no reason to believe that the domestic supply of these commodities can be made equal to our needs; and that being true, it follows that any charges which may be laid upon our importations will raise the level of costs for our entire consumption, and tend to put the industries dependent upon these materials at a disadvantage in competition with foreign rivals.

The general level of prices for foodstuffs and raw materials has risen so much all over the world that there seems to be no occasion for raising them higher in this country by artificial means. The great rise of farming land values in this country in the last twenty years indicates that the prices of farm products have been generally on a remunerative basis. Although they may decline to some extent, it is generally agreed that they will not fall to pre-war prices.

We are now receiving foodstuffs and raw materials, which are the principal products of South America and Asia, practically on a free basis; and it is in the interest of our export trade to those quarters that this status should not be altered. These are hopeful fields for an expansion of our exports, but they will not be if we set up obstructions to the natural flow of their products to our markets.

Any duties laid upon this class of imports will come back in full measure upon the entire population and be a handicap to the exporting industries which use them.

DESIRABILITY OF A MARKET FOR FOREIGN INVESTMENTS

In conclusion, it should be said that the readjustments incidental to our transition



FREDERICK J. KOSTER

Chairman Pacific Coast Committee in Charge of Seventh National Foreign Trade Convention, San Francisco, Cal.

from the conditions of a debtor country to those of a creditor country may be greatly eased and facilitated by the development in the United States of a market for foreign investments. It is understood that the interest running on the outstanding obligations of foreign government to the United States Government will be funded for several years, and therefore will not in the meantime affect the exchange situation. If our people will take a lesson from the history of the upbuilding of the great foreign trade of Great Britain and Germany, they will take advantage of low exchange rates to secure permanent investments which will be helpful to trade in the future. Both of these countries have played a large part not only in the expansion of international commerce but in the increase of world production, by supplying capital in the form of industrial equipment for the countries of undeveloped natural resources. They kept exchange rates from rising against them by admitting freely the products of the countries where they were building up their exports, and by re-investing in part the income derived from those countries for further expansion of their interests.

These are the policies which have brought success to the countries that have preceded us in the development of world trade. They will be practicing the same methods in the future, studying the needs and interests of the people whose trade they are seeking. We can have success upon the same terms, but upon no other. In the long run and taking the large view, the greatest prosperity for every country is to be found in such a balanced and mutually-supporting state of international trade as stimulates industry and prosperity everywhere.

This is a fundamental proposition which in its broad significance cannot be controverted; but in the eagerness of individuals to sell and amid the apprehensions which arise from rigorous competition, the people of every country are prone to overestimate the dangers which threaten them from the competition of other countries. It is possible for one country, by reason of natural advantages as by painstaking efforts, to obtain a dominant position in a single industry; but the same reasons which prevent a great one-sided trade in favor of the United States likewise forbid such a trade in favor of any other country. It is impossible for any country to monopolize the trade of the world. Great Britain always has imported more commodities than she exported. Germany was increasing her foreign trade rapidly, but for the five years preceding 1914 her imports exceeded her exports.

The people of no country can do more than work all the time; and however efficient they may be in production they will not be able on the whole to do any more than supply their own wants, because their wants will develop as fast as their production, which is the measure of their buying power. It does not follow that they will supply all their own wants directly; they never do that; a country naturally sends abroad a part of its production in exchange for the production of other countries; but the population of every country will gladly consume the equivalent of its own production, and in the long run is bound to do so.

COMPETITION AMONG NATIONS

I have had friends express great concern to me about the future competition of different countries; sometimes it has been Great Britain; sometimes it has been Germany; sometimes it has been Japan. Any of these countries may specialize in certain industries and become formidable competitors in them, but nothing is more certain than that none of these countries in any general sense can crowd other countries out of industry. None of them in the long run will sell any more than it buys, or make in the aggregate any more commodities than it consumes. None of them will make goods for other countries without wanting something in return.

Japan is sometimes mentioned as a threatening competitor because of the low wage rates prevailing there; but wages are low in Japan because the machine equipment of the country has been small and the productive capacity of the country has been small. Japan can hardly produce enough to satisfy the growing wants of her own people. Their consumption and their wants will keep pace with any increase in productive capacity that they can accomplish. Their imports grow as fast as their exports; and so it is everywhere.

One of the grievances alleged against the labor organizations is that they sometimes limit the output, acting upon the theory that there is only a limited amount of work

to be done, and that it is to their interest to make it go as far and pay as much in wages as possible. Every such conception of industry and business is fundamentally wrong. There is no limit to the amount of work to be done or the amount of business to be had, because there is no limit to the amount of wealth that may be created from the natural resources or to the consumptive demands of the world's population.

An able address was made by F. L. Lipman, vice-president of the Wells Fargo Nevada National Bank, San Francisco, on "The Financial Situation as Applied to Foreign Trade." After a thorough review of existing conditions, Mr. Lipman thus summarized his conclusions:

These considerations may warn us that encouragement to our foreign trade, however desirable, may not be found in any substantial measure from sources outside our exporters and importers themselves. In fact we seem to be thrown back upon the old economic maxim, that exports can best be promoted by stimulating imports, and this in turn coincides with Europe's real need to produce and export as a means of fundamental rehabilitation. In the long run, foreign nations can pay us for our exports only by sending us goods, whether to-day, or through some new loan or credit arrangement, to-morrow.

This analysis may be summed up as follows:

1. In its bearing on our foreign trade the international financial situation centers itself in the exchange rates.

2. The aberrations in these rates are not due to the heavy indebtedness of Europe to the United States, nor to any unsettled trade balances carried over from former years, and to a very small extent only to the current excess of exports of to-day. They are mainly determined by the depreciation of an inconvertible paper circulation abroad.

3. This argues the importance to a country that it remain on a gold basis if at all possible, with special application of this principle to ourselves in the United States.

4. It also suggests that the demoralization in exchanges, being determined by the depreciated currency abroad, can only be remedied through rehabilitation of that currency and this is necessarily a domestic matter for the nation suffering from such inconvertible circulation.

5. Long-term loans from citizens of the United States to Europe would give an immediate stimulus to our exports and make it easier for Europe through spreading the payments for needed commodities over a longer period of time. But such loans could not be absorbed by our exporters nor by other business men, but only by the investing classes whose purchase of securities is and must be based upon safety and marketability, not on any trade considerations. In order to be marketed successfully foreign securities would have to meet the requirements of such investors and would then be obliged to compete with a heavy domestic demand for capital, notably on the part of our railroads.

6. This seems to leave our foreign trade in the position described by the economists, where our exports can best be stimulated through encouraging imports.



J. A. FARRELL
Chairman National Foreign Trade Council

FINANCING FOREIGN TRADE

This topic was discussed at the session of Group II in coöperation with the American Bankers Association, John S. Drum, first vice-president, acting as chairman. Addresses were made on financing foreign trade in various ways by the speakers named: "Through Credits and Investments," John E. Gardin, International Banking Corporation"; "Through Foreign Trade Corporations," Frank B. Anderson, president Bank of California; "Under the Edge Law," Elmer H. Youngman, editor BANKERS MAGAZINE. Allen Wal-

ker of the Guaranty Trust Company, New York, also discussed the subject. Extracts from Mr. Anderson's address are given herewith:

FINANCING FOREIGN TRADE THROUGH FOREIGN TRADE CORPORATIONS

By Frank B. Anderson,

President the Bank of California, National Association, San Francisco.

I have been asked by the Foreign Trade Council to speak on the possibility of long time financing of foreign trade, particularly in Europe, and to state whether in my opinion a corporation, such as is authorized under the Edge Law, is necessary and desirable or feasible; if so whether it should be a large corporation or a number of small ones, and whether the country is in a position to extend such credits; in other words, is this country in a position to extend long time credits to Europe and if so how?

This country has extended long time credits to European nations through its government and long time credits have been extended by manufacturers and other agencies, and the great bulk of these credits will have to be renewed from time to time until the world becomes sane and gets down to work. This financing, aided by the sale of European held securities to American investors, and other agencies which are familiar to you all, has made it possible to clear the difference between the exports and imports of the past year; that is to say, the balance of trade has been settled to a vast extent through postponing the date of payment. The main burden of this financing is being carried by our Government but to a large extent indirectly or directly by the banks, and the part that has been forced upon the banks must be shifted to private investors.

The government has, very properly, served notice that it will no longer extend credit to foreign nations and the banks have been educating their clients to the necessity for restoring locked up working capital through new financing. In the meanwhile our business men have had brought home to them the necessity for and the desirability of foreign trade, and the great ambition of the country today is to retain the trade of the world which has fallen into our laps whilst our main competitors of the past were at war. These competitors prior to the war had spent hundreds of years, thousands of lives and millions of dollars entrenching themselves at points that are strategic from a commercial standpoint, in many cases being forced to exert an influence over the politics of countries that had great populations, whilst our people were busy settling and developing a vast continent that was sparsely settled. Our people as a whole have never understood the value of or necessity for foreign trade; the reward of their activity has been so great and the scene of their activity so close under their eyes as to blind them to the future.

The laws which have been placed on our statute books were framed by men who understood the problems of their own localities but who had no broad outside view. Sentiments have developed that are antagonistic to the necessity for encouraging business along lines that our competitors have learned through long experience to be most efficient. Many of our laws tend to assure our competitors' success rather than our own, and ignorance and prejudice stand in the way of change.

MUST HELP OTHER NATIONS

Our social and political welfare is bound up with that of the people outside of our borders; and we cannot through lack of courage or sympathy, sit still and refuse to extend a helping hand to the men who fought our battles as well as their own. I recognize the necessity for aiding those people to become self respecting and prosperous, not only from a selfish standpoint, but that we may retain our own self respect, and with a view to helping them and ourselves I think it the better wisdom to look the problem squarely in the face.

This country is not, in my opinion, in a position to extend long time credits to any great extent at this time, and will not be until it is willing to curtail its own expenditures and increase its own production, except at the expense of increasing further the cost of living to its own people and to the people abroad. On the other hand the European governments must convince their people of the vital necessity for curbing extravagance and increasing the production of those things the outside world needs and will buy. They must convince them that the present conditions are not temporary, that no short cuts are possible and that for some years the demand for essential commodities will exceed the supply. There must be brought about an understanding that strikes, lockouts, any interruption of work and everything that discourages initiative, delay the possibility of getting back on a normal basis, and that any individual who will not deliver a full day's work to the extent of his ability is a slacker who is throwing the burden of his support on the community.

So far as Europe is concerned she must restore conditions that will inspire confidence before we can hope for any large response from private investors in America and such help as we can give must come through these investors. I believe in taking advantage of the Edge Law, preferably through the formation of a large corporation with large subscribed capital rather than a lot of small ones for the reason that the larger corporation would attract the best

expert talent and give better protection to the investor, and for the reason that a ready market must be created for the debentures which would be issued, if it is hoped to make them popular. The mere formation of such a corporation will not produce investors, they must be educated. Peace on earth must be restored and this government must show some encouragement and approval, particularly as to what its attitude is going to be towards protecting American investments in foreign countries.

EUROPE HAS ADEQUATE SECURITY FOR LOANS

There is adequate security in Europe for loans; men and institutions with whom our people have had business relations for years and in whom they have confidence. Their need is for working capital, not bank credit. These same men and institutions have aided our people in the past when our need was for working capital, and at times when we had more settled conditions but no better security to give than they have.

The new corporation will have to feel its way and call its capital as it needs it but will in my opinion perform a great service through aiding to restore more normal conditions, and will prove a powerful financial instrument. At the outset it will have to compete for funds in a market that is gravely over-extended, but properly guided, it should prove a valuable instrument in relieving the present situation, and through its many ramifications can educate sentiment to the necessity for changes in laws and conditions which are producing the evils that we are striving to cure. This education will necessarily be slow, as our people do not understand the vital necessity for foreign markets and have not been accustomed to investments based on foreign enterprise; our large investors have been legislated out of the market and the new crop of small investors brought out during the Liberty Loan Campaigns, are disgusted and many of them bitter. The laws of many of the states of the Union forbid investment of the funds of savings banks and insurance companies in foreign securities, or state so specifically what they may invest in, as to forbid foreign investment.

American enterprise is forced to pay very high rates for capital on account of the great demand for it, caused partially by the efforts of the banks to curb inflation, and necessarily the European will have to pay higher rates to attract the American investor who will prefer investment at home.

To repeat what I have said before, I do not believe we are in a position where we can extend any great amount of long time credit; on the other hand, I believe that if certain things can be done, we can render very powerful assistance through restoring initiative, increasing production, bringing down the high cost of living and curing a great deal of the inflation that exists to-day.



O. K. DAVIS
Secretary National Foreign Trade Council

Mr. Anderson next made a strong plea for a change in the present revenue law, and concluded as follows:

The Government must have the money to keep it solvent, but the people should demand that the Government come to a realization of the necessity for living inside of its income, and that it has no income other than that which its people will produce and part with without having their initiative and desire to work destroyed.

As the old world resumes business activities, and as conditions here create shortages and consequent high prices, the importer, through regular banking channels, is moving more and more necessities from the outside world to this country, and these transactions through the aid of the banks are helping in a large degree to make possible the shipment of merchandise from this country. This is healthy progress and will increase as time goes on; it is in effect exchanging goods with other countries which is the meaning of all trade, and, in my opinion, the conditions vhich are facing will result in a demand for the knocking down of many of the economic barriers which have been erected in the past, in order to encourage an exchange of the necessities of life.

In closing please allow me to say again

that, in spite of the difficulties that confront us, I believe that a corporation such as is authorized under the Edge Law is necessary, desirable and feasible; that, granted a personnel which will inspire confidence, capital can be secured and that it will prove to be a powerful instrument in crystallizing sentiment to the necessity for economy, governmental and private; the necessity for increased production and for changes in laws which to-day destroy initiative, encourage extravagance, increase inflation of credit, which are largely responsible for our inability to extend long-time credit and which will continue to take away corporate and individual working capital rendering it more and more impossible to extend the long-time credit needed by our customers abroad.

Better Credit Methods in the Implement Industry

The Part Played by the Local Banker in Financing the Farmer and Dealer

[Bankers will be interested in the following discussion of two proposed methods of financing the farm implement business. THE BANKERS MAGAZINE would welcome a frank discussion of this subject and invites the views of both country and city bankers on the points involved.—EDITOR.]

AN INTERESTING situation has arisen in the agricultural implement business, every one connected with it having arrived at the conclusion that the time has come when it is necessary to put the industry more nearly on a cash basis. It is felt that the business of manufacture is not the business of banking and that the practice of implement manufacturers in extending long time terms to dealers in order to enable the latter to extend long terms to the farmer is both uneconomic and expensive, in that it results in higher prices through limiting the manufacture to a low rate of turnover.

As a remedy for this condition two possibilities present themselves. One solution is the adoption of a cash basis dependent upon the farmer and the dealer obtaining advances from his local banker to pay cash on delivery. The other possibility is the application to the implement industry of the same practices which obtain in the automobile industry, namely, the utilization of the services of acceptance corporations which buy the promissory notes of purchasers from the dealers and against these issue their own notes in the open money market. The dealer thus is enabled to obtain cash with which to remit to the manufacturer who in turn is enabled to increase his turnover and indirectly lower prices.

The question therefore arises as to which solution is the best one for the implement business. George N. Peek, chairman of the terms committee of the National Implement and Vehicle Association, believes that implement purchases should be financed by the local banker and that the practices of acceptance corporations are uneconomic. S. Ward Seeley, manager of the publicity division of the General Motors Acceptance Corporation, thinks, on the other hand, that the services of an acceptance corporation might well be adapted to the implement industry. These two opposite views are set forth in the following excerpts from a pamphlet issued by the Moline Plow Company of Moline, Ill.

In a letter to the chairman of the executive committee of the National Im-

plement and Vehicle Association, dated March 10, 1920, Mr. Peek stated in part:

There was a time when our money market was highly concentrated, when the national credit was inflexible, and the documents of credit—rural negotiable paper—were regarded with frank suspicion. In those days it would have been folly to advocate a complete abandonment by implement manufacturers of the inefficient practice of financing local dealers by the general granting of long terms. Local banks were timid or impotent, cash was scarce in agricultural districts, farmers' negotiables were favored, and eastern banks so far dominated the financial situation that they found little attraction or necessity in assuming the normal function of banking in financing local dealers and farmers.

Revolutionary changes have occurred. The day has passed when a diagnosis of national financial conditions can be made in the shadow of Wall street. Aided by the establishment of the Federal Reserve System, but moving by their own momentum fast in advance of this aid, what New York used to call "the provinces" have achieved their financial independence. Every city of any importance is now able to absorb a large share of its own investment securities. Dallas, Kansas City, Houston, New Orleans and San Francisco bankers laugh at the suggestion that a 22 per cent. rate for call loans in New York will make it difficult for their own local merchants to get the accommodation they require. There is money in every community, and the normal and natural purpose of that money should be to finance local needs.

Another change that is rapidly taking place is the increasing dignity of agricultural paper. Its preferential treatment at the hands of the Federal Reserve System, the mobility and confidence it has secured by reason of the searching and comprehensive operation of federal war finance, has in no small measure educated city as well as country banks, and farmers and citizens generally, no less than banks.

A remarkable illustration of these facts is found in the various "finance," "acceptance" and "credit" companies that have recently served to keep the automobile industry on a cash basis.

While eminently successful in taking advantage of existing facilities, they are, from the viewpoint of political economy at least, unsound. They come into a community, remove local paper of individuals, hypothecate it in the large money markets at considerable profits to themselves, and on the sole strength of the assets thus secured, induce the local bank to advance the purchase money to automobile dealers and consumers. Thus they exact a heavy tribute for persuading the bank to do for the community what it ought to do unpersuaded and at a substantial profit to itself.

The net result of their operation is to finance the manufacture of automobiles and to keep it on a cash basis, not by securing the necessary funds from the East, but almost wholly by the use of local capital and credit.

Operating in precisely the same field as do the implement companies, and including in their operations exactly the same class of people with whom the implement companies deal, the automobile industry has thus proceeded on a far more efficient and satisfactory basis than have we, and solely because it was constant and uniform in its demands and helpful in the solution of the local financial problem.

It is no service to the consumer, the dealer, the community, or the country as a whole, to stand in the path of progress and insist on the methods of the dark ages in merchandising implements. Manufacturing companies can furnish credit neither as cheaply nor as efficiently as can the national fiscal system, including the local banks. Indeed, failure to use the latter extracts from the community funds in no small amount, reduces community service and self-sufficiency, and profits only the city banks, to whom the manufacturers must apply in the last instance in every case.

The time has come to put the implement industry more nearly on a cash basis. The promised saving is very large, and it should be liberally divided with the dealer, thus strengthening him, improving his methods, contributing to the strength of the community in which he resides, and greatly simplifying the merchandising of implements. The way has been plainly blazed by the automobile industry, and instead of countenancing any tendency to prolong or liberalize terms, or permit carry-overs, prompt and constructive effort should be expended immediately by each manufacturer in an effort to systematize and insure the use of local credit facilities to the utmost.

The conditions surrounding individual manufacturers vary so greatly that it would be difficult, if not impossible, to prescribe a cure-all for the many difficulties to be overcome, but it is believed effort should be continued by all to bring about better terms, which should produce good results for the manufacturers, dealer and farmer.

In a subsequent address before certain groups of the National Implement and Vehicle Association in Chicago Mr. Peek enlarged upon the views presented in his letter to the executive committee.

In this address he made an interesting estimate of the rate of turnover in the implement industry as follows:

Considering $100 invested only in material for manufacture, I think it fair to assume the following periods before the money comes back into the manufacturing business:

	Months
From purchase of raw material to shipment out to branch house as a finished product.....	4
From shipment to branch house to arrival at dealer's store.....	3
From arrival at dealer's store to return of purchase price.....	5
	12

Assuming any net profit—say 10 per cent.—it is obvious that in the period of twelve months the $100 of manufacturing capital we are considering earns one profit of $10. In other words under existing terms conditions, manufacturing capital in the implement business now makes one turnover in fourteen months.

Examining, for instance, a similar example in our automobile business, we find that $100, so administered, turns four times in twelve months, and so instead of earning only $10, it earns $46.00.

Now it is obvious that the circumstances of the automobile business are not applicable to the implement business, but it seems to be within the realm of possibility that on some implements at least it would be possible on direct shipments to dealers, receiving cash on delivery, to secure at least two turnovers of capital within the same period now yielding but one. With two turnovers, the return on $100 of manufacturing capital would be $21, as against $10 on one turnover.

Methods of financing which have obtained in the industry in the past he describes as follows:

The manufacturer borrowed the money in the large cities to tide over the period between production of the implement and return from sale of the product. Then he granted terms to the dealer to enable the dealer to grant terms to the farmer. It was a long process, but on last analysis, surplus capital from Europe, and later from developed portions of our own country, went from owner to bank, to manufacturer, to implement dealer, to farmer, and back again through the same chain, which we shall do well to keep in mind:

1. Investor,
2. City bank,
3. Implement manufacturer,
4. Dealer,
5. Farmer,

and the necessity or the cupidity of each one of these links in the chain took a share for the labor of handling it.

The process was necessary, perhaps, and has continued so to within the last few years. This necessity caused the terms tradition before which we must pause to-day when we consider the apparent advantages of getting the manufacturing and merchandising of implements out of the banking business. Does that necessity still exist?

For the first time in our history the interior of America has reached near enough to a condition of development to provide a splendid operating surplus. For over a century money flowed always from East to West. Let us see what happens now.

Local banks very generally throughout the United States are going into the larger cities with this accumulated surplus of the rural communities and they are purchasing the paper of industrial companies as a medium for investment for their patrons' money.

For example, the very money that an implement manufacturing company now borrows to finance dealers and farmers comes from the sale of that implement company's paper to country banks holding the funds of the dealers and farmers whom the implement company is borrowing to finance. No longer does the golden flood flow from East to West. It eddies in a useless and totally unnecessary whirlpool. We have no longer the direct route:

1. Investor,
2. City bank,
3. Manufacturer,
4. Dealer,
5. Farmer.

We now have a circle:

1. Farmer,
2. Local bank,
3. City bank,
4. Manufacturer,
5. Dealer,
6. Farmer,

and by securing terms from the dealer and by the dealer from the manufacturer, each community is paying somebody an unnecessary profit with every transaction involved.

Mr. Peek subsequently summarized the advantages which would result if all implement companies would go on a cash basis. These he outlined as follows:

(a) Only dealers whose capital is sufficient or whose establishments warrant the extension of credit by local banks would survive. The tendency would therefore be toward larger dealers, better equipped to serve the separate communities.

(b) The extension of open accounts in the retailing of implements would be greatly curtailed, thus automatically remitting con-

sumers to the local banks, placing the dealers' business on a high turnover basis, which would lift the retail implement business immediately into the most profitable class of merchandising, reducing the cost of retail distribution and the cost of implements proportionately.

(c) The resulting doubling of manufacturing turnover would double the profit on capital engaged in manufacturing implements, and reduce the cost of implements proportionately.

(d) Indirectly, the desire of the retailer to increase turnover would result in a closer integration between stocking and selling of implements. and also, in a far more economical scheduling of factory production with seasonal needs, further increasing manufacturing turnover, and increasing the profits and reducing the cost of implements.

(e) Every local community would be enormously bettered, as follows:

1. Local funds would remain to benefit local enterprises, instead of being sent into the money markets of the large cities.
2. The profit derived from the financing operation would remain at home, instead of being abstracted by the larger cities.
3. The local bank would be strengthened by 1 and 2 above.
4. The local dealer would become a real merchant, rendering real service, and the increased profit of the retail implement business (achieved without increasing prices) would attract a more progressive type of dealer.
5. The farmer would be the greatest gainer of all, first, because he would be served by a real implement establishment locally, and, second, because the cost of implements would be very materially reduced.

S. Ward Seeley of the General Motors Acceptance Corporation takes exception to certain of Mr. Peek's views in the following letter published in Farm Implement News on April 22:

New York, April 14.—Editor Farm Implement News: Your issue of March 25, with its emphasis on placing the implement industry on a cash basis, has interested us exceedingly, including the cartoon, your editorial, "Cash for Implements," and the letter of Mr. George N. Peek, chairman of terms committee, National Implement and Vehicle Association.

Though our business is confined to dealers and users of General Motors products, we feel (purely in the interest of the proper economic development of the country) we should place before you an analysis of the economic basis of our operation. The financing operations of the General Motors Acceptance Corporation are conducted in full accord, not only with financial practice, but with economic law, and since success can be obtained only through use of the one and observance of the other, we think that the implement industry would do well to study the situation in the light of GMAC practice and theory.

The theory of our operation is simple. We offer ourselves as a medium through which those in possession of surplus funds can lend them at current rates of interest to those in the automobile industry and trade who are in need of financial accommodation. Since in every community there are seasons of financial outgo and seasons of financial income, seasons of automobile purchase and use, and seasons of automobile storage, this means that one section of the country finances another, and that the relation of each to the other alternate in the course of a year.

This is particularly evident in farm finance, the solution of whose difficulties is being attempted by the Farm Loan System, as well as by the Federal Reserve System.

That these difficulties may be dissolved by special industries has been conclusively demonstrated by the automobile industry, which last year sold 40 per cent. of its output to the farmers. Statistics prove that farmers buy most of their automobiles during the months of May, June, July, August and September. These are exactly the months when the moving of crops places the greatest strain upon the farmers' banks, and when they are least inclined to view automobile paper with favor. The automobile industry has been able to make its summer sales to farmers mainly through use of its specialized credit systems.

Not all these systems are run along as thoroughly economic lines as is ours. Mr. Peek's criticism in his letter to the N.I.V.A. executive committee is justified as against some automobile finance companies. His warning is timely and his observations correct. While we feel that you have done the implement industry much good in publishing this letter, we feel that you should give a constructive explanation of the proper economic basis for the financing of the farmer.

The actual operation of our system is this: Promissory notes given by purchasers of automobiles to the automobile dealers are bought from the dealers by us. The dealers thus receive their full cash price at once, while the buyer has time to make subsequent payments on his note to us. The retail buyers' notes we thus secure are placed in the hands of a banking trustee, and against them are issued collateral gold notes secured by these notes, but redeemable in gold at a stated time.

These gold notes are then sold at the prevailing discount rate for commercial paper to those banks and investors in sections of the country where money is plentiful. They are not sold in the sections in which the retail notes upon which they are based originated, for it is obvious that these were

given at a time when money was not in large supply for investment purposes. Later in the year, when the situation is reversed, the bankers and investors in the territory in which the first lot of retail notes originated are offered other collateral gold notes based upon other retail notes originating in other territories. Thus each section of the country shifts cash where it is needed through GMAC channels.

You will note by this that the local banker does not lose the financing of his local automobile business. It is true that he does not finance it directly, but in effect he does finance it through financing the automobile business of another territory. Instead, however, of trying to take care of his local business at a time when his cash is needed for the fundamental requirements of the crops, he is able to defer the matter of automobile banking to those months when he has cash available for purchasing short time securities.

Your editorial refers to credit difficulties. You will note that our plan absolutely eradicates those for the banker. He knows that our collateral gold notes are as good as gold. He is not troubled by credit investigations of each of the notes underlying the collateral gold notes. He is not troubled with repeated collection operations on these notes, which necessarily are for only a few hundred dollars each. The banker buys the collateral gold notes in denominations of $500, $1000, $2500, $5000, and $10,000 at current discount rates for prime commercial paper.

So far as the retail buyer is concerned it is obvious that where there is such a system as this, the cost to him must be governed by prevailing rates for money. We do not charge for our services more than it costs us to secure our money through selling our collateral gold notes plus a small charge to cover the cost of operation. Our actual profit would be ridiculous to any manufacturing or mercantile enterprise. In fact, there is a profit only because of the enormous volume of business we do. At present we are doing a business at the rate of 150 million dollars a year. Every minute of the working day some one is buying a car on our plan, and we therefore represent a very considerable section of the automobile industry, though confining ourselves to General Motor business.

The implement industry, we feel, has here the basis upon which to place itself upon a cash standing. It may be that the peculiarities of the implement industry may produce variations in the plan, but it must be as outlined above if it is to be economically correct. It might be operated by each individual manufacturer for its own dealers, or possibly, if legal arrangements could be made, it might be done by the National Implement and Vehicle Association for its entire membership.

One of the most interesting investigations that we have conducted was that into the financial stability of the average buyer through us. We know from our collection records that the buyer through the General Motors Acceptance Corporation was a pretty good citizen, but even our credit manager was surprised with the result of our statistical summary, showing that the average buyer has over $6,000 in real estate and over $275 a month income.

Mr. Peek on April 26, 1920, made the following reply to Mr. Seeley:

Editor *Farm Implement News*.
Masonic Temple,
Chicago, Ill.

Dear Sir:

My letter of March 10th, as chairman of the terms committee of the National Implement and Vehicle Association, urged the advantage to manufacturer, dealer, and consumer of putting the implement business on a cash basis by an increasing use of the local bank. Regarding the several "Finance" and "Acceptance" companies of the automobile business, it was remarked that they were, "from the viewpoint of political economy at least, unsound," in that they weaken community service and add roundly to the cost of financing.

In your issue of April 22nd, Mr. S. Ward Seeley, of the General Motors Acceptance Company, says, "Mr. Peek's criticism is justified as against some * * * his warning is timely, and his observations correct." Mr. Seeley explains that his company's method is to buy farmers' notes from dealers, issue debentures against them, sell the latter in the money markets, and, from the proceeds, pay manufacturer and dealer. He contends that this method, as applied by him, is in accord with economic law, but since it differs in no substantial effect from the general method of such companies, I conclude that his basis for excepting his company from the charge of economic unsoundness lies in his remark, "We do not charge for our service more than it costs to secure our money through selling collateral gold notes plus a small charge to cover cost of operation."

I cannot persuade myself that this policy of small profit removes the economic unsoundness of the plan. On the contrary, while I do not know this company's precise schedule, I am informed that it amounts to a rate of slightly above thirteen per cent. to dealers, and from eleven per cent. to fourteen per cent. to consumers. Companies which do take a profit have to charge very much more. In other words, Mr. Seeley's article confirms me in a conclusion I had already reached—that no company operating on this theory can secure funds at less than twelve per cent., and no company taking a substantial profit can furnish them at less than fifteen per cent. If I am cor-

rect in this, then the economic theory of the plan stands self-condemned in its application to all except luxuries. Basic commerce, industry and agriculture cannot live under a twelve per cent. interest charge.

Difficult as it is to follow, Mr. Seeley does not confine his defense to the point of no profit, but seeks to establish economic soundness for the basis of his plan on the theory that fluctuation of money stringency and plenty is seasonal, that sections of the country finance each other alternately in the course of the year, if aided by such an equalizer as his company provides.

Even if this hypothesis were accurate (and I am not prepared to concede all of it), it would not establish economic soundness in the plan. We have an equalizer in the Farm Loan and Federal Reserve Systems. A principal argument of their establishment was the necessity for decentralization of agricultural financing. They were established for the precise purpose of making local communities financially self-sufficient, and of freeing them from the domination of a centralized money market. That this is sound doctrine is generally conceded. The effect of the "Acceptance" plan is to short-circuit the Federal System, and to return great quantities of farmers' paper to the city banks, avoiding entirely the local facilities for finance. For this reason alone, therefore, I remain of the opinion that the plan is not economically sound. But there are other reasons:

The Federal Reserve System emphasizes, fosters, and supports the local bank and the local community. The acceptance companies avoid the local bank, take the financing profit out of the community, and postpone the close relation between dealer, bank and consumer, upon which sound merchandising so heavily depends. Finally, and equally important, the Federal Reserve System performs this service of equalization at scarcely more than one-half the cost assessed by the acceptance companies, even when the latter are operating on the economical basis described by Mr. Seeley. As between the two, one is economical, and founded on the rock of national credit; the other is expedient merely, and very expensive. But there is an objection of even greater importance.

I find myself unable to agree with Mr. Seeley that the financial pendulum swings from one section of the country to another so conveniently and seasonally that he can normally sell the notes of one to the banks of another. The whole structure of his argument rests on this, and if it is in error, little remains to discuss. Curiously enough, I find his own words challenging his assertion when he says:—"* * * The automobile industry last year sold forty per cent. of its output to farmers; * * * statistics prove that farmers buy most of their automobiles in May, June, July, August and September. These are exactly the months when the moving of crops places the greatest strain upon the farmers' banks."

It is obviously pertinent to ask, "Where are the farmers' notes sold in this peak period?" The truth is that financial stringency is seasonal, but the country is not a checkerboard in which the money tightness moves from red to black squares and back again, at convenient and predetermined intervals. Our equalizing force does not, therefore, move from section to section. It moves among the various strata of our national life, and sells its debenture notes to whomever will buy, wherever it can find him.

Farmer A wants an automobile, and finds that he can get terms. He prefers to defer payment till harvest than to see his savings account in Bank B dwindle, so he gives his note to an acceptance company, which issues one of its own instead, and sells it in the money market. Bank B is as likely to buy it as anybody, and to buy it with Farmer A's own savings. If it does, Farmer A has paid some acceptance company at the rate of twelve per cent. to twenty-five per cent. for the use of his own money, when he might just as well have used it himself for nothing, or at the worst, at the loss of interest at the savings rate. If it does not, Farmer A might have saved himself from six per cent. to nineteen per cent. by using his own bank instead of the acceptance company, and the long journey of his note to the city bank and back again was vanity and folly. Such extra loops in the pathway of finance are unsound, because unnecessary, and doubly unsound when they result in waste and extravagance.

The only shadow raised against this view is that the local bank may not have the money. In such case, it should go to the Federal Reserve Bank and get it. The remarkable record of the acceptance companies in collection discloses the unexceptional quality of such paper, and it was to meet this very need that the Federal Reserve was ordained.

Such are the considerations on which I conclude that the theory of the acceptance companies is economically unsound. To recapitulate them they are:

(a) That they can furnish funds only at an impracticable rate of interest.

(b) That they tend toward centralization of agricultural financing.

(c) That they weaken the local bank, increase the cost of local financing, remove from the local community the profit of the financing transaction, reduce the profit of the local dealer, unduly increase the cost of the article sold, postpone the establishment of a necessary relation between consumer, bank and dealer, and generally tend to weaken the community.

(d) That they add to the minimum necessary steps of the financial operation a to-

tally unnecessary cycle of expensive operations.

There remains a single qualification. Just now some Federal Reserve Banks, under a national policy of restricting speculative operations, are placing a flat taboo on bankers' credit based on volume, without discrimination as to use. Such action is precisely that of a man who strikes a savage blow with his clenched fist to kill a mosquito on his nose. The Federal Reserve System was established with a prime purpose of fostering agriculture. In time of war and general shortage, agriculture headed the priority list. In time of peace and money shortage, it must receive like consideration. If the Federal Reserve System is perverting its function, it must be corrected, but not by paralleling the system with an exotic private system operating at a double cost. The cure can and will be made by national demand for the correction of a palpable blunder.

In all that has been said, I am conscious of the appearance of destructive criticism. The constructive suggestion is obvious—abolish terms and make it profitable and desirable for consumer and dealer to use the local bank. This, I think, cannot and ought not to be done by concerted action. Each company must evolve a plan to meet the peculiarities of its own circumstances and methods. The elements of the problem are few and simple. Its successful solution means doubling the turnover (and therefore the profit) on manufacturing capital, and trebling, if not quadrupling, the turnover and profit on capital invested in retailing and jobbing. The enormous savings thus achieved must be equally divided with retailer and consumer to achieve the great desiderata:

(a) Reduction in cost and improvement in quality of implements.

(b) Making the retailing of implements a business of such dignity and profit as will attract progressive and ambitious merchants.

(c) Securing for each company and each community real service in the form of first-class dealer representation and service.

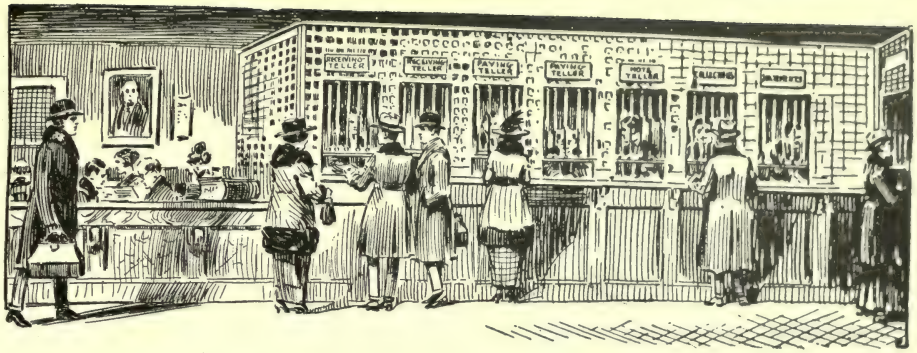
Why the Bank House Organ?

THE purpose of a bank's house organ is admirably expressed in the following editorial taken from the *Mettco Meteor,* which is published by the publicity department of the Metropolitan Trust Company of New York:

The *Meteor* seeks to bring officers and employees of the Metropolitan Trust Company into closer communion, and in each issue publish something of educational value and of interest to every one it reaches. It presents a medium for the exchange of ideas between officers and employees of the bank and among the employees which should go far toward developing that spirit of co-operation that makes progress in any line of endeavor.

The *Meteor* also seeks to serve a two-fold purpose by instructing and forming a social basis for our mental and physical activities. It is of the bank, and for the bank, like the individuals whose progress it marks, and for the expression of whose opinions it is the vehicle.

It is very essential that relaxations be provided. A tired brain means death to satisfactory labors. The *Meteor* endeavors also to amuse, and will continue to cause many a laugh, but it shall always be our earnest endeavor never to offend. When the laugh is on someone let that someone laugh the harder.



Observations of an Outsider

A Non-Banker Gives His View-Point on Banking Service

I SAW a foreigner go into a big bank the other day. He was timid, confused and almost inclined to walk out again. A member of the bank staff saw him, sized up his nationality correctly, called another member of the staff and the latter went out to the stranger and addressed him in his own tongue. The relief and joy on the face of the foreigner was wonderful to behold. It developed later that he had been told by some of his friends that he would find some one who could talk his language, in that bank. That's what brought him in, but the point that struck me so forcibly was the fine spirit of helpfulness and prompt action that was shown in the swift co-operation of the two members of the bank staff. It was fine team work. Incidentally that foreigner is likely to talk a good deal about that bank among his friends, and the bank will, through a very simple act, get a lot of valuable advertising in quarters hard to reach in any other way.



"Many bankers take up the 'over-all' idea." "Well, this will put the overalls on both sides of the counter, for the original wearers of overalls have been pretty numerous in front of the receiving tellers' windows for quite a while now."



A suburban bank that I know of has had excellent results from a series of small, neat advertising blotters which were distributed by mail to the homes in the vicinity of the bank. It's strange, but in the average home it is almost impossible to find a decent blotter while the average office is surfeited with them.



If I were a banker—particularly if I were connected with a savings bank—I think I would make a special drive to get at the great so-called middle class. All sorts of institutions are working in the interests of the so-called working class, and the capitalist has, to a large extent, already learned how best to handle his money. But the great class of men and women on moderate salaries, the men with small businesses of their own—these are the people who most need to be taught how to save. I know of no better way to reach this class than through intelligent advertising. This is the class that reads the best papers and periodicals. They are open to an appeal to their intelligence, and they need, more than any other class, to be taught to save.



Some of these hearings on applications for state bank charters are mighty interesting even to an Outsider, and at every hearing there is one stock argument used that has become an old friend. It is the argument that "The small depositor and the small borrower

in the town or city of ———— are not given fair treatment by the banks now doing business there. Our new bank will cater especially to these people," etc. All of which is declaimed with great oratorical effect and deep feeling. Usually, however, the facts do not bear out these contentions. The "United States Investor" reports a case where, on presentation of these 'pathetic' claims at a hearing, a report, carefully compiled, showed that the existing banks really were taking care of the small depositors and the small borrowers to a degree which no new institution could hope to equal.

The treasurer of a bank in one of the smaller towns in New England complains that just as he gets a man well trained for his staff some city bank snaps him up. This is sort of tough on the country bank, but I believe that this movement is doing much to "humanize" the big city banks. The man in a country bank makes it a point to know personally the patrons of the institution, and when he goes to the city bank he carries with him the habit of personal service and personal acquaintance, and he exercises this habit so far as may be possible under the new conditions. If he allows himself to lose the habit entirely the only result of his move is to make a mediocre city banker out of a perfectly good country banker.



In Massachusetts there has been a long fight on the question of removing the statutory limit of five per cent. on interest paid by savings departments of trust companies. The Massachusetts House, on motion of Representative Nichols—himself a banker—passed a bill limiting regular dividends to five per cent. but the bill will not in any way, as Mr. Nichols explained, prevent the declaration of extra dividends as earned. This action, of course, virtually removes the limit of five per cent., but a motion to remove the limit by direct action was lost.



I saw this phrase used in a bank advertisement, and it made a mighty strong appeal to me: "We celebrate our ————th anniversary with —— thousand satisfied customers."



A Financial Creed

I believe in the United States of America.

My opportunity and hope depend upon her future.

I believe that her stability and progress rest upon the industry and thrift of her people.

Therefore I will work hard and live simply.

I will spend less than I earn.

I will use my earnings with care.

I will save consistently.

I will invest thoughtfully.

To increase the financial strength of my country and myself I will buy Government securities.

I will hold above barter the obligations my country thus incurs.

I will do these things to insure the greatness of America's future.

Established 1810

THE MECHANICS & METALS NATIONAL BANK

of the City of New York

20 Nassau Street

Capital, Surplus and Profits
$23,000,000

Deposits, May 4, 1920
$196,000,000

WE complete the facilities of our correspondent banks by placing at their disposal the services of a Bond Department especially equipped to give responsible market executions and assistance in investment selections.



To Bankers

WE assume that the first thing a banker wishes to know when he begins to consider changes in quarters is:

How should a certain space be arranged to best meet present and probable future requirements?

To meet this need we offer a service which includes the planning of your quarters and an estimate of the cost of the entire operation, still leaving you in no way obligated to us for either the architectural or construction work.

Our charge is a very small one and the data prepared will be your property.

FRED T. LEY & CO., INC.

BANK BUILDING DEPARTMENT

19 WEST 44TH STREET

NEW YORK CITY

Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts Upon Questions of the Law of Banking and Negotiable Instruments

Collection of Forged Draft on United States Treasurer

United States v. Chase National Bank, Supreme Court of the United States, 40 Sup. Ct. Rep. 361.

A clerk in a quartermaster's office forged the signature of the quartermaster on a draft on the United States Treasurer for $3,571.47. He made the draft payable to the quartermaster's order and forged the indorsement on the back. He then cashed it at a bank, which forwarded it to the defendant bank. The latter collected the draft from the United States Treasurer.

When the fraud was discovered the United States began action against the defendant bank. It was held that the rule that a drawee is bound to know the drawer's signature applied and that the bank was not liable. The fact that the payee's indorsement was also forged did not alter the situation.

OPINION

In error to the United States Circuit Court of Appeals for the Second Circuit.

Action by the United States against the Chase National Bank. A judgment for defendant on a directed verdict (241 Fed. 535) was affirmed by the Circuit Court of Appeals for the Second Circuit (250 Fed. 105, 162 C. C. A. 277), and plaintiff brings error. Affirmed.

Mr. Assistant Attorney General Spellacy, for the United States.

Messrs. Henry Root Stern and Charles E. Rushmore, both of New York City, for defendant in error.

Mr. Justice McREYNOLDS delivered the opinion of the Court.

Plaintiff in error sued the defendant bank, at law, to recover money paid out under mistake of fact. The complaint alleged:

"First. That at all the times hereinafter mentioned, the plaintiff was and is a corporation sovereign, and the defendant was and is an association organized for and transacting the business of banking in the city, state, and Southern District of New York, under and pursuant to the provisions of the acts of Congress in such case made and provided.

"Second. That on or about the 18th day of December, 1914, the defendant presented to the Treasurer of the United States at Washington, D. C., for payment, a draft in the sum of $3,571.47, drawn on the Treasurer of the United States, payable to the order of E. V. Sumner,, 2d Lt., 2d Cav., A. Q. M., and purporting to be drawn by E. V. Sumner, Acting Quartermaster, U. S. A., and to be endorsed by E. V. Sumner, 2d Lt., 2d Cav., A. Q. M., the Howard National Bank, and the defendant; a copy of said draft and the indorsements on the back thereof is hereto attached and marked Exhibit A* and made a part hereof;

"Third. That at the date of the presentation of said draft by the defendant to the Treasurer of the United States, the defendant was a depository of the funds of the United States of America, and payment of said draft to the defendant was thereupon made by the plaintiff, by passing a credit for the amount of said draft to the defendant upon the accounts of the defendant, as depository for the funds of the plaintiff;

"Fourth. That the name of said E. V. Sumner, 2d Lt., 2d Cav., A. Q. M., indorsed upon the back of said draft, was forged and had been wrongfully and fraudulently written upon the same by a person other than the said E. V. Sumner, without his knowledge or consent, and no part of the proceeds of said draft were ever received by him.

"Fifth. That the payment of said

draft made by the plaintiff to the defendant, as described in paragraph three of this complaint, was made under a mistake of fact and without knowledge that the signature of the said E. V. Sumner, 2d Lt., 2d Cav., A. Q. M., payee thereof, had been forged upon the back of said draft;

"Sixth. That the plaintiff has duly requested the defendant to repay to it the amount of said draft, to wit, $3,571.47, but the defendant has failed and refused to pay the same or any part thereof to the plaintiff.

"Wherefore, the plaintiff demands judgment against the defendant in the sum of $3,571.47, with interest thereon from the 18th day of December, 1914, together with the costs and disbursements of this action.

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*Exhibit A: [Face.]

Office of the Quartermaster.
Fort Ethan Allen, Vermont.

War — December
Quartermaster — 15, 1914.
Thesaur Amer — 444
(Shield) Treasurer of the United States — 15-51

Septent Sigil.

Pay to the order of E. B. Sumner, 2d Lt., 2d Cav., A. Q. M., $3,571.47, thirty-five hundred seventy-one & 47/100 dollars.

Object for which drawn: Vo. No. Cash transfers.

E. V. Sumner,
Acting Quartermaster, U.S.A. 21739.

[Back.]

Form Approved by the Comptroller of the Treasury January 27, 1913.

This check must be indorsed on the line below by the person in whose favor it is drawn, and the name must be spelled exactly the same as it is on the face of the check.

If indorsement is made by mark (X) it must be witnessed by two persons who can write, giving their place of residence in full.

E. V. Sumner,
(Sign on this line)
2d Lt., 2 Cav., AQM.

Pay Chase National Bank, New York, or order. Restrictive indorsements guaranteed. Howard Nat'l Bank, 58-3 Burlington, Vt. 58-3, M. T. Rutter, Cashier.

Received payment from the Treasurer of the United States Dec. 16, 1914. 1-74 The Chase National Bank 1-74 of the City of New York.

The bank denied liability and among other things claimed that the same person wrote the name of E. V. Sumner upon the draft both as drawer and indorser. The facts were stipulated.

It appears: Lieutenant Sumner, quartermaster and disbursing officer at Ft. Ethan Allen, near Burlington, Vt., had authority to draw on the United States Treasurer. Sergeant Howard was his finance clerk and so known at the Howard National Bank of Burlington. Utilizing the official blank form, Howard manufactured in toto the draft in question—Exhibit A. Having forged Lieutenant Sumner's name both as drawer and indorser, he cashed the instrument over the counter at the Howard National Bank without adding his own name. That bank immediately indorsed and forwarded it for collection and credit to the defendant at New York City; the latter promptly presented it to the drawee (the Treasurer), received payment and credited the proceeds as directed. Two weeks thereafter the Treasurer discovered the forgery and at once demanded repayment which was refused. Before discovery of the forgery the Howard National Bank withdrew from the Chase National Bank sums aggregating more than its total balance immediately after such proceeds were credited; but additional subsequent credit items had maintained its balance continuously above the amount of the draft.

Both sides asked for an instructed verdict without more. The trial court directed one for the defendant (241 Fed. 535) and judgment thereon was affirmed by the Circuit Court of Appeals (250 Fed. 105, 162 C. C. A. 277). If important, the record discloses substantial evidence to support the finding necessarily involved that no actual neg-

ligence or bad faith, attributable to defendant, contributed to success of the forgery. Williams v. Vreeland, 250 U. S. 295, 298, 39 Sup. Ct. 438, 63 L. Ed. 989, 3 A. L. R. 1038.

The complaint placed the demand for recovery solely upon the forged indorsement—neither negligence nor bad faith is set up. If the draft had been a valid instrument with a good title thereto in some other than the collecting bank, nothing else appearing, the drawee might recover as for money paid under mistake. Hortsman v. Henshaw, 11 How. 177, 183, 13 L. Ed. 653. But here the whole instrument was forged, never valid, and nobody had better right to it than the collecting bank.

Price v. Neal (1762) 3 Burrows, 1354, 1357, held that it is incumbent on the drawee to know the drawer's hand and that if the former pay a draft upon the latter's forged name to an innocent holder not chargeable with fault there can be no recovery. "The plaintiff cannot recover the money unless it be against conscience in the defendant to retain it." "But it can never be thought unconscientious in the defendant to retain this money when he has once received it upon a bill of exchange indorsed to him for a fair and valuable consideration which he had bona fide paid without the least privity or suspicion of any forgery." And the doctrine so announced has been approved and adopted by this court. Bank of United States v. Bank of Georgia, 10 Wheat. 333, 348, 6 L. Ed. 334; Hoffman v. Bank of Milwaukee, 12 Wall. 181, 192, 20 L. Ed. 366; Leather Mfgs. Bank v. Morgan, 117 U. S. 96, 109, 6 Sup. Ct. 657, 29 L. Ed. 811; United States v. Natl. Exch. Bank, 214 U. S. 302, 311, 29 Sup. Ct. 665, 53 L. Ed. 1006, 16 Ann. Cas. 1184.

In Bank of United States v. Bank of Georgia, through Mr. Justice Story, this court said concerning Price v. Neal:

"There were two bills of exchange, which had been paid by the drawee, the drawer's handwriting being a forgery; one of these bills had been paid, when it became due, without acceptance; the other was duly accepted, and paid at maturity. Upon discovery of the fraud, the drawee brought an action against the holder to recover back the money so paid, both parties being admitted to be equally innocent. Lord Mansfield, after adverting to the nature of the action, which was for money had and received, in which no recovery could be had, unless it be against conscience for the defendant to retain it, and that it could not be affirmed that it was unconscientious for the defendant to retain it, he having paid a fair and valuable consideration for the bills, said 'here was no fraud, no wrong. It was incumbent upon the plaintiff to be satisfied that the bill drawn upon him was the drawer's hand, before he accepted or paid it; but it was not incumbent upon the defendant to inquire into it. There was a notice given by the defendant to the plaintiff, of a bill drawn upon him, and he sends his servant to pay it, and take it up; the other bill he actually accepts, after which, the defendant, innocently and bona fide, discounts it. The plaintiff lies by for a considerable time after he has paid these bills, and then found out that they were forged. He made no objection to them at the time of paying them. Whatever neglect there was, was on his side. The defendant had actual encouragement from the plaintiff for negotiating the second bill, from the plaintiff's having, without any scruple or hesitation, paid the first; and he paid the whole value bona fide. It is a misfortune which has happened without the defendant's fault or neglect. If there was no neglect in the plaintiff, yet there is no reason to throw off the loss from one innocent man upon another innocent man. But, in this case, if there was any fault or negligence in any one, it certainly was in the plaintiff, and not in the defendant. The whole reasoning of this case applies with full force to that now before the court. In regard to the first bill, there was no new credit given by any acceptance, and the holder was in possession of it before the time it was paid or acknowledged. So that there is no pretense to allege that there

is any legal distinction between the case of a holder before or after the acceptance. Both were treated in this judgment as being in the same predicament, and entitled to the same equities. The case of Price v. Neal has never since been departed from; and, in all the subsequent decisions in which it has been cited, it has had the uniform support of the court, and has been deemed a satisfactory authority."

Does the mere fact that the name of Lieutenant Sumner was forged as indorser as well as drawer prevent application here of the established rule? We think not. In order to recover plaintiff must show that the defendant cannot retain the money with good conscience. Both are innocent of intentional fault. The drawee failed to detect the forged signature of the drawer. The forged indorsement puts him in no worse position than he would occupy if that were genuine. He cannot be called upon to pay again and the collecting bank has not received the proceeds of an instrument to which another held a better title. The equities of the drawee who has paid are not superior to those of the innocent collecting bank who had full right to act upon the assumption that the former knew the drawer's signature or at least took the risk of a mistake concerning it. Bank of England v. Vagliano Bros., (1891) L. R. App. Cases, 107; Dedham Bank v. Everett Bank, 177 Mass. 392, 395, 59 N. E. 62, 83 Am. St. Rep. 286; Deposit Bank v. Fayette Bank, 90 Ky. 10, 13 S. W. 339, 7 L. R. A. 849; National Park Bank v. Fourth National Bank, 46 N. Y. 77, 80, 7 Am. Rep. 310; Howard v. Bank, 28 La. Ann. 727, 26 Am. Rep. 105; First National Bank v. State Bank, 107 Iowa, 327, 77 N. W. 1045; 44 L. R. A. 131; Bank v. Trust Co., 168 N. C. 606, 85 S. E. 5, L. R. A. 1915D, 1138; 4 Harvard Law Review, 297, article by Prof. Ames. And see Cooke v. United States, 91 U. S. 389, 396, 23 L. Ed. 237.

The judgment of the court below is Affirmed.

Mr. Justice CLARKE dissents.

Action to Recover Money Paid for War Bonds

Erdreich v. Zimmermann, New York Supreme Court, Appellate Division, 179 N. Y. Supp. 829.

The defendants are dealers in bonds. In December, 1916, the plaintiff purchased from them 10,000 marks of the fifth German war loan bonds. The purchase price was $1,775 and this sum the plaintiff paid to the brokers at the time of the sale. The defendants did not have the bonds in their possession at the time and they issued a receipt, reciting that the bonds had been fully paid for and would be delivered against the return of the receipt upon the arrival of the bonds from Europe.

The consummation of the sale was interfered with by the entry of the United States into the war against Germany and in January, 1919, the bonds not having arrived, the plaintiff brought suit to recover back the money which he had paid to the brokers. The court held that the contract was valid at the time it was entered into by the parties, that its validity was not affected by the entry of this country into the war, but merely suspended for the duration of the war and that the plaintiff was not entitled to get his money back.

Action by Samuel Erdreich against Leopold Zimmermann and others. A judgment for defendants in the City Court was reversed by the Appellate Term (107 Misc. Rep. 508, 176 N. Y. Supp. 762), and defendants appeal by permission. Reversed, and judgment of City Court affirmed.

OPINION

MERRELL, J. Defendants have appealed, by permission of this court, from a determination of the Appellate Term reversing a judgment recovered by the defendants in City Court of the City of New York for $67.97, costs, upon a verdict of a jury, who found for said defendants under direction of the trial court.

The action was to recover the sum of $1,775, with interest, which sum plaintiff paid to the defendants on December

14, 1916, as the purchase price of 10,000 marks on the fifth German war loan bonds, but which bonds, at the time of the payment of the purchase price thereof, had not then been received by the defendants, and were not delivered to the plaintiff. The defendants are large dealers in bonds and securities, and, prior to the purchase of the bonds in question by the plaintiff, had purchased from a German bank a portion of said issue of bonds. This action is brought to recover the moneys thus paid by plaintiff to defendants upon an alleged rescission of the contract by plaintiff because of defendants' failure to deliver said bonds to plaintiff within a reasonable time. The purchase of these bonds on December 14, 1916, and the payment by plaintiff of the money which he seeks to recover in this action, was at a time prior to the entry of the United States into the World War. At that time, however, Germany was at war with other European countries, and a blockade was in effect, as the result of which there was no communication between Germany and this country. Owing to such blockade, the defendants were not in the possession of such bonds, although they had purchased the same of the banking institution in Germany.

As a matter of fact, the bonds, at the time of the purchase by plaintiff had not been issued by the German government, but in lieu thereof the said government had issued interim certificates for said bonds, and the defendants, by their German agents, had received and held such interim certificates for the bonds which they had thus purchased, and, at the time of the said sale of the 10,000 marks of said bonds to the plaintiff, defendants held in Germany sufficient of said interim certificates to cover the plaintiff's purchase. On the date of the purchase of the bonds by the plaintiff from defendants, the former called upon the latter at their place of business, and inquired about German marks; the plaintiff saying to one of the defendants, with whom he talked on that occasion, that he was informed that the marks were as low as 15 cents, and that, being in the neighborhood, he came to inquire concerning the same. Plaintiff testifies that the defendant replied that the marks were then higher and going up, and that said defendant advised plaintiff to buy the bonds of the fifth war loan as a better speculation. Thereupon the plaintiff purchased 10,000 marks of said loan, paying therefor the said sum of $1,775. The bonds were not delivered, and the defendant explained to plaintiff that they were still in Germany; but the defendants issued their own interim certificates in writing to the plaintiff, certifying the sale of the 10,000 marks of the fifth war loan of the German government 5 per cent. bonds, at a total net price of $1,775, the receipt of which sum in said certificate acknowledged by the defendants. At the same time the defendants delivered to the plaintiff another certificate, as follows:

"Zimmermann & Forshay,
"Members of the New York Stock Exchange
"9 & 11 Wall Street '10,000'
New York.

"No. 5029 Dated Dec. 14, 1916.

"This is to certify that Mr. Sam Erdreich has paid ($1,775) seventeen hundred seventy-five and 00/100 dollars for Mark 10,000 German government 5% bonds, fifth war loan (ten thousand marks), exclusive April 1, 1917, coupon. The aforesaid securities are to be delivered by us at our office against return of this interim certificate, upon arrival from Europe.

"Zimmermann & Forshay."

By this last-mentioned receipt it was thus expressly provided that the securities purchased, and for which plaintiff then paid, were to be delivered against return of the interim certificate that defendants issued, upon the arrival of said securities from Europe. The plaintiff testified that he was assured by the defendant with whom he dealt that the bonds would arrive by the next steamer. This defendants deny. It is a matter of common knowledge that at the time of this transaction there was no communication between Germany and the

United States, and the plaintiff admits that he was aware of such conditions. On the other hand, one of the defendants, Leopold Zimmermann, testified that the inability of the defendants to deliver said bonds at the time of the purchase, or thereafter, was due entirely to the blockade against Germany, and that up to the time of the trial the defendants had been unable to procure said bonds, or to deliver the same to the plaintiff. The defendant Zimmermann further testified that, at the time of the purchase of said bonds by plaintiff, plaintiff was told that the German government was issuing at that time interim certificates only, and that it would require perhaps five or six months before the definite bonds would be ready for delivery abroad, and that hence, for the present, no actual bonds could be sold, except on the interim certificates, and that the bonds which the plaintiff purchased would be delivered just as soon as possible. The plaintiff denied that he was told that it would require six months' time to get the bonds, and insists that the understanding was that they should arrive by the next steamer.

Be that as it may, the certificate issued by the defendant to plaintiff at the time of the sale clearly and unequivocally stated that the securities were to be delivered at the office of the defendants, against the return of the interim certificate then issued by them, "upon arrival from Europe." Concededly the bonds in question had not arrived from Europe at the time of the trial of this action, although the defendants testified to active and persistent efforts on their part to obtain said bonds for delivery to the plaintiff. At the time of the purchase of these bonds the plaintiff was entirely familiar with the existing conditions and the fact of the blockade against Germany. At the time of the transaction, negotiations were under way for a cessation of hostilities, and peace between Germany and the other warring nations seemed probable. Early in 1917 it became apparent that no immediate peace would be effected, and as time went on it became probable that the United States would enter the conflict. In February, 1917, the plaintiff called upon the defendants at their place of business and inquired with reference to his bonds, and was told by the defendant Zimmermann that the bonds had not yet arrived, and that the plaintiff must have patience. Plaintiff made no demand for said bonds at that time, but merely called to inquire concerning the same.

Afterwards, in April, and after a state of war had been declared between the United States and Germany, the plaintiff called upon the defendants and then demanded, not the bonds which he had purchased, but that the defendants pay back to him the money which he had paid therefor. At that time the defendant Zimmermann stated that he was sorry that the bonds were not there; that the bonds could not be there, because there was a war going on; and again told the plaintiff that he should have patience. Plaintiff replied to this that he was not asking for the bonds, but wanted his money back. His demand for the return of his money being refused, the plaintiff claims to have thereupon rescinded the said agreement of sale, because of the failure of the defendants to deliver the bonds within a reasonable time after the sale thereof to the plaintiff. On or about January 28, 1919, nearly two years later, and when concededly the bonds which he had bought had greatly depreciated in value, plaintiff brought the present action to recover of defendants said moneys paid by him, with interest.

Upon the trial the plaintiff relied entirely upon his alleged rescission of the contract of sale because of the nondelivery of said bonds by defendants within a reasonable time. At the close of the evidence both sides moved for the direction of a verdict, and the trial court held that, under the agreement between the plaintiff and the defendants, the defendants were only bound to deliver the bonds purchased upon their arrival here, and that no cause of action existed in plaintiff's favor for the purchase price thereof. Thereupon a verdict was directed by the trial court in defendants' favor and against the

plaintiff. The judgment entered upon such directed verdict was reversed by the Appellate Term, and judgment was directed for the plaintiff for the relief demanded in the complaint. The reversal was upon the ground that, while the contract at the time it was made was entirely legal, it became invalid when this country entered the war, and that the plaintiff thereupon had a cause of action against the defendants to recover the moneys paid by him as for moneys had and received.

The reversal by the Appellate Term of the judgment of the City Court was upon a theory entirely foreign to any allegation of the complaint. The ground for such reversal was not suggested at the trial of the action. The complaint alleges a cause of action upon an alleged rescission of the contract because of defendants' neglect to deliver the bonds which they sold within a reasonable time. The Appellate Term entirely ignored the theory upon which the action was brought, and upon which the case was tried, and rested its decision upon the ground that the contract, lawful at the time it was made, had become invalid by circumstances beyond the control of either party, and that the plaintiff might therefore bring action to recover back the moneys paid as though no contract had ever been made.

Upon the theory of the plaintiff, as alleged in the complaint, and upon which the action was tried in the City Court, I think the plaintiff cannot recover. Upon the papers delivered to the plaintiff by the defendants, the sale of the bonds themselves was a completed transaction. The plaintiff paid the full purchase price therefor, and it only remained to deliver said bonds upon their arrival from Europe. The certificates themselves indicate that the transaction was a sale, and not a mere contract to sell. The mere postponement of delivery did not affect the sale, as the sale was fully accomplished, and was to be final upon delivery at a future date. Under section 100, rule 1, of the Personal Property Law (Consol. Laws, c. 41), it is provided:

"When there is an unconditional contract to sell specific goods, in a deliverable state, the property in the goods passes to the buyer when the contract is made and it is immaterial whether the time of payment, or the time of delivery, or both, be postponed."

See, also Sanitary Carpet Cleaner v. Reed Mfg. Co., 159 App. Div. 587, 145 N. Y. Supp. 218.

The transaction between the plaintiff and the defendants was that of an executed contract of sale. Plaintiff thereby became the owner of the bonds in question, and for which he then paid. The only act that remained was to deliver the bonds upon their arrival from Europe. Time was not of the essence of the contract, and therefore defendants' failure to deliver the bonds at any particular time afforded the plaintiff no right to rescind the sale. Taylor v. Goelet, 208 N. Y. 253, 101 N. E. 867, Ann. Cas. 1914D, 284; Sturges & Burn Mfg. Co. v. American Separator Co., 158 App. Div. 63, 142 N. Y. Supp. 697.

Moreover, it was expressly stipulated by the parties that the securities were to be delivered at the office of the defendants, against return of the interim certificate which they issued at the time of the sale, upon arrival of the bonds from Europe. Therefore the delay of the defendants to deliver said bonds was of no consequence. If the defendants unnecessarily and unreasonably failed and neglected to deliver said bonds, then the plaintiff might have a cause of action against said defendants to recover any damages which he may have sustained by reason of the unjustified withholding from him of said securities by the defendants.

It is a matter of common knowledge that, when the United States became involved in the World War, German securities depreciated in value, and unquestionably such fact was the incentive for plaintiff, in April, 1917, demanding back his money rather than the delivery of the bonds, which he had purchased as a speculation.

As to the ground upon which the learned Appellate Term bases its decision, reversing the judgment of the City

Court, that the contract, while legal at the time it was made, became illegal and incapable of execution after a state of war existed between the United States and Germany, I do not think such consideration should effect a reversal of the action of the trial court. No such claim was made by the plaintiff, either in his complaint or upon the trial. Furthermore, it seems to me that this contract, valid when made, should not be held to have been destroyed by the severance of peaceful relations between this country and Germany. The contract with reference to the sale of these bonds was not between a citizen of this country and one who by our declaration of war with Germany became an alien enemy. Both parties to this contract were citizens, or at least, residents of the United States. Concededly, at the time it was made, the contract was a valid and proper one. Had the sale of these bonds, which was made on December 14, 1916, been at a date after our entry into the World War, notwithstanding the contract was not between an American citizen and a citizen of an enemy government, still, the result of the sale being to furnish money to the German government with which to prosecute the war, the transaction, manifestly, would be illegal. As to whether the present sale was in any way affected by our declaration of war is a matter of some doubt. If the moneys paid by the plaintiff for said bonds had, in fact, been forwarded to Germany prior to our entry into the war, then the mere consummation of the transaction by the delivery of the bonds themselves after we entered the war, would be a matter of little importance; but, if the payment of plaintiff's moneys to Germany awaited the delivery of the bonds by that government, then, of course, the declaration of war should have at once halted the transaction.

It seems to me that the Appellate Term was in error in holding that the obligation of the defendants to deliver the bonds purchased by the plaintiff ended with the outbreak of the war. At most, the delivery of said bonds was suspended during hostilities. Until the declaration of peace, delivery of the bonds would be impossible; but when peace shall come, as it eventually must, then the valid transaction as to the sale of the bonds, which has been suspended during hostilities, may be completed by the delivery of said bonds. In other words, our entry into the war did not cancel a valid contract between plaintiff and defendants, but merely suspended the same until peace shall be declared. The plaintiff, who purchased these bonds purely as a speculation, should not be permitted to rescind such purchase merely because succeeding events may have lessened the values of the securities, which he purchased. The transaction was an entirely legal one at its inception. The plaintiff had an entire right, if he saw fit, to purchase the securities of the German government, with whom this country was not then at war. To whatever extent a state of war between this country and Germany may have forbidden the active continuance of such dealing, or the consummation of the contract so long as hostilities continued, when peace is once declared, there certainly can be no public policy against the delivery to the plaintiff of the bonds which, prior to the war, he had purchased, and for which he had paid.

This sale, within technical definition, is an executed contract. An executed contract has been defined as a contract wholly performed on one side, while an executory contract is a contract which is either wholly unperformed, or under which there remains something to be done, on both sides. Inasmuch as by express stipulation between the parties the bonds in suit were to be delivered only on their arrival from Europe, and it appearing conclusively that prior to the commencement of this action such arrival was prevented by conditions for which neither party was responsible, the contract should be preserved during the continuance of hostilities between this country and Germany, and not dissolved by such war conditions. As was said in Mutual Life Ins. Co. v. Hillyard, 37 N. J. Law, 444, 18 Am. Rep. 741:

"There is no reason why ante bellum

contracts, not entirely executory, should not be preserved from dissolution to the extent that they are not inconsistent with the duties and requirements of the condition of hostilities. The test to dissolve a pre-existing contract is its essential antagonism to the state of war. * * * The tendency of adjudication is to preserve and not to destroy pre-existing contracts. Where performance can be had without contravening the laws of war, the existence of the contract is not imperilled, and, even if performance is impossible, the contract may still, when partly executed, be preserved by ingrafting necessary qualifications upon it, or suspending its impossible provisions, if made so by the act of the law. If the contract in question can be saved while the war lasts, it should be."

I am therefore of the opinion that we should not hold that the contract of sale in question, even though it be executory, was rendered illegal by the state of war between this country and Germany, and that, at most, performance of said contract was suspended during the existence of hostilities.

I am therefore of the opinion that the determination of the Appellate Term should be reversed, with costs, and that the judgment of the City Court should be reinstated and affirmed, with costs. All concur.

Paying Check Without Identifying Holder

Citizens National Bank v. Reynolds, Appellate Court of Indiana, 126 N. E. Rep. 234.

When a person presents a check to the bank on which it is drawn, claiming to be the payee named in the check, and he is unknown to the bank, the bank is not only entitled to insist that he identify himself, but is under an obligation to do so. If the bank pays the check and it turns out that the holder had no right to the money the bank will be held liable to the drawer.

In this case a depositor drew a number of checks in blank and delivered them to W. N. Brown, his agent, to be used in purchasing live stock. One of these checks, while the blanks were still unfilled, was lost or stolen. Later a stranger brought it into the drawee bank and presented it for payment. In the meantime it had been made payable to the order of W. N. Brown for the amount of $435. The stranger was not W. N. Brown, but he said that he was and the bank paid the check.

When the fraud was discovered the drawer sued the bank and it was held that the bank was liable and could not charge the check against the drawer's account.

Action by Charles W. Reynolds against the Citizens National Bank of Evansville, Ind. Judgment for plaintiff, and defendant appeals. Affirmed.

This action was instituted by appellee against appellant. The following is the substance of the complaint: That defendant is a national bank; that the defendant received of and from the plaintiff $435, which amount it deposited to the credit and account of the plaintiff, and thereby became indebted to the plaintiff in said amount; that on the 29th day of December, 1913, the plaintiff demanded of the defendant said amount, and defendant refused to comply therewith; that said amount with interest from date of demand is due and unpaid.

The bank filed nine paragraphs of answer: (1) General denial; (2) payment upon the order of Reynolds; (3) payment upon Reynolds' check to his agent W. N. Brown; (4) payment upon Reynolds' check to some person "who purported and represented himself to be W. N. Brown;" (5) payment upon Reynolds' check to some person who was unknown to the bank, but who represented himself to be W. N. Brown; (6) the usual plea of payment; (7) payment upon Reynolds' check to W. N. Brown; (8) payment to some person unknown to the bank, who represented himself to be the payee, upon Reynolds' check to W. N. Brown; (9) payment

on Reynolds' check to his agent W. N. Brown.

Demurrers were sustained to the fourth, fifth, seventh and eighth paragraphs of answer. On appellee's motion the court ordered the second and sixth paragraphs to be made more specific by stating to whom the payment was made; and for appellant's refusal to comply with that order said paragraphs were stricken from the record. Concerning that action of the court no complaint is made. Reply in denial to the third and ninth paragraphs of answer closed the issues. Verdict and judgment for appellee. The errors assigned are the sustaining the demurrers aforesaid and overruling the motion for a new trial.

The following is a copy of the check involved in this controversy:

"Evansville, Indiana,
"Oct. 4, 1913. No.——

"The Citizens National Bank:

"Pay to the order of W. N. Brown $435.00, four hundred and thirty-five and 00/100 dollars, for 11 cattle.

"C. W. Reynolds."

Indorsed:
"W. N. Brown."
"Perforated stamp."
"Paid 10—7—13."

In its brief appellant makes the following statement to the court:

"The case shown by the record is a very simple one. There was no controversy between the parties as to any of the material facts except the one as to whether W. N. Brown or some other person cashed the check. The appellee in instruction No. 1, tendered by him and given by the court to the jury correctly said: 'I instruct you that the only dispute between plaintiff and defendant as to the facts is whether the defendant bank paid said sum of money to said W. N. Brown or to some other person.' The jury by its finding resolved this one disputed fact in favor of the appellee's contention and against that of the appellant; and the appellant, so far as this appeal is concerned, accepts the verdict (however much it may consider the verdict erroneous and unjust), inasmuch as the appellant has not incorporated into the record a bill of exceptions embracing the evidence, and relies upon the errors of law for reversal. Hence the admitted facts are that the appellant had on deposit to the credit of appellee $435 on October 4 and 7, 1913, and prior thereto; that appellee had prior to October 4, 1913, delivered to W. N. Brown checks on the appellant bank signed by the appellee, but with the dates, amounts, and names of payees left blank; that W. N. Brown was appellee's agent, and as such was authorized to use the checks in the purchase of live stock and to fill in the blanks, the dates, names of the payees, and the amounts; that one of said checks was lost by or stolen from said Brown, and found or stolen by an unknown person; that some one filled in the blanks in said lost or stolen check, dating it October 4, 1913, making it payable to the order of W. N. Brown, and making the amount $435; that on October 7, 1913, some one other than W. N. Brown presented said check so filled out to the appellant bank for payment, and indorsed the name of 'W. N. Brown'; that the bank paid the check and charged the amount to the account of the appellee, and at the time it did so had no notice that the check had been lost or stolen; and that the appellee on December 29, 1913, demanded the said amount, namely, $435, from the appellant bank, which it refused."

The above statement furnished by appellant sufficiently discloses the substance of the averments of the paragraphs of answer to which demurrers were sustained.

OPINION

DAUSMAN, J. The fact that one of the checks, which Reynolds signed in blank, fell into the hands of a scoundrel who filled the blanks and presented it to the bank for payment, is wholly immaterial. As between Reynolds and the bank the check is valid.

The rule is well established that a bank on which a check is drawn must ascertain at its peril the identity of the

person named therein as payee. Harmon v. Old Detroit National Bank, 153 Mich. 73, 16 N. W. 617, 17 L. R. A. (N. S.) 514, 126 Am. St. Rep. 467; Bolles on Banking, vol. 2, p. 614. Where a check is presented for payment by a person who is unknown to the bank, it becomes the imperative duty of the bank to require him properly to identify himself as the payee named in the check. For its own protection the bank may go further. It may refuse payment until the stranger brings in a person whom the bank knows to be financially responsible and who is willing to become an indorser.

If appellant had paid the check to a person who in truth was W. N. Brown, although a person other than the W. N. Brown who was the agent of Reynolds, then we would have a different question with which to deal. But that the bank paid the check to some unknown person who represented himself to be W. N. Brown, and whom the bank is unable to identify, is no defense. The court did not err in sustaining the demurrers.

Appellant contends that the court erred in giving certain instructions; but the evidence is not in the record, and we cannot say that any one of them is erroneous or harmful. State v. Stevens, 121 N. E. 371.

Judgment affirmed.

Par Collection of Checks Through Federal Reserve Bank

American Bank & Trust Co. v. Federal Reserve Bank of Atlanta, United States District Court, Northern District of Georgia.

The Federal Reserve Banks are authorized to receive for collection checks drawn on banks which are not members of the Federal Reserve System, as well as checks drawn on member banks. The Federal Reserve Act provides that, in making collections, no exchange charges shall be paid by the Federal Reserve Banks.

Certain of the non-member banks, however, refused to remit to the Federal Reserve Bank of Atlanta at par, claiming that they were justly entitled to the usual exchange on checks drawn on them. To meet this situation and comply with the statute the Federal Reserve Bank proposed to collect checks on non-member banks, which refused to remit at par, by presenting them over the counters of the banks.

A temporary restraining order was obtained restraining the Federal Reserve Bank from making collections by this method and an action was brought to make the injunction permanent. The action was commenced in the State Court, but on motion of the Federal Reserve Bank it was removed to the United States District Court. The District Court dismissed the complaint, holding that the Federal Reserve Bank was acting within its powers in presenting checks over the counters of non-member banks which refused to remit at par.

An appeal has been taken from this decision to the Circuit Court of Appeals.

OPINION

EVANS, J. Several State Banks filed in the superior court of Fulton county, Georgia, an equitable petition against the Federal Reserve Bank of Atlanta, and certain of its officials, alleging that the Reserve Bank had declared a policy of "Par clearance," set forth in an exhibit to the petition, and that to enforce such policy it was the purpose of the Reserve Bank to receive and collect checks drawn on the drawee banks, by causing them to be presented over the counter of such banks by an agent of the Reserve Bank, instead of sending the checks through the customary channels of correspondent banks or clearing houses; that this course of business was intended to coerce State banks into becoming members of the Reserve system and was ultra vires of the powers of the Federal Reserve Bank and would deprive petitioning banks and others in like position of the cus-

tomary compensation for collection and remittance where checks reached them for payment under the present method of doing business. The principal prayer of the petition was to restrain the defendants from the adoption of any method of collecting checks drawn against petitioners except through the usual and ordinary channel of collecting checks through correspondent banks or clearing houses. The case was removed to the United States District Court of Northern District of Georgia. Motions were made to remand the cause and also dismiss the petition.

The motion to remand must be denied. The principal defendant is the Federal Reserve Bank of Atlanta, Georgia, incorporated by the Congress of the United States. The District Courts of the United States have jurisdiction of all suits of a civil nature, at common law or in equity, where the matter arises under the Constitution and laws of the United States. Judicial Code, section 24. A suit against a corporation created and organized under and pursuant to the Federal Reserve Act is one arising under a law of the United States. Osborn v. Bank, 9 Wheaton 738; Bankers Trust Company v. Tex. & Pac. Ry. Co., 241 U. S. 295.

A Federal Reserve Bank is not a National Banking Association within the scope and meaning of the Acts of Congress of July 12, 1882, August 13, 1888, and Judicial Code, section 11, which place national banking associations, for the purpose of action by and against them, upon the footing of other citizens. National banking associations and the subsequently created Reserve Banks are not ejusdem generis: their functions are different, and their chief characteristics are so unlike that it can not be supposed that Congress intended them to be included in the former legislation. A cursory reading of the Federal Reserve Banking Act discloses that its great object is to give elasticity to the national currency, and to prevent congestion in commercial centers. National banking associations are member banks of the Reserve system. The Federal Reserve Board is empowered to examine into the affairs of a national banking association; to supervise through the bureau under the charge of the Comptroller of Currency the issue and retirement of Federal Reserve notes; to grant national banking associations the right to act as trustee, executor or administrator; to permit member banks to carry in the Federal Reserve Banks of their respective districts any portion of their reserves required to be held in their own vaults, etc. The general object of the Federal Reserve system would be thwarted if the Reserve Banks could only sue and be sued under the same conditions as national banking associations.

Furthermore, the petition expressly raised the point that the act of the Federal Reserve Bank complained of are ultra vires the act of incorporation. Clearly this raises a Federal Question, because the plaintiffs' case can not be adjudicated without construing a law of the United States.

The motion to dismiss must be granted. When the allegations of the bill with its legal conclusions and interesting historical statement as to the origin and scope of State banks are reduced to their last analysis, the charge of complaining banks is, that the Reserve Bank is without the power, (or, if it has the power, it should be restrained from exercising it), to collect checks on banks of deposit received by it in the course of business by presenting them for payment through agents over the counter of the drawee banks. That this method of collecting checks will deprive the drawee banks of the revenue previously enjoyed where checks on them came through the mails from correspondent banks does not make the transaction unlawful. It is the duty of the drawee bank to pay a check of the drawer, if it holds sufficient funds of the drawer to pay it. It is no less the duty of the drawee bank to pay several checks than it is to pay a single check, when presented over the counter within banking hours. The policy of the Reserve Bank of Atlanta, as outlined in the petition, is neither ultra vires nor unlawful. It is not to be presumed that

the agency employed by the Federal Reserve Bank will act otherwise than may be lawful and proper in the presentation of the checks for payment. The allegations of conspiracy are lacking in essential features to charge an actionable wrong.

Accordingly, orders may be presented denying the motion to remand and granting the motion to dismiss the bill.

Book Reviews

INTERNATIONAL COMMERCE AND RECONSTRUCTION. By Elisha M. Friedman, New York: E. P. Dutton & Co.

In this important volume Mr. Friedman has brought together in a form to permit of ready understanding and assimilation the facts of recent history and the statistics of recent economic processes which bid fair to change the character of the world's commerce.

A due appreciation of the magnitude of these silent changes and of their meaning is essential to the formation of a new and correct perspective by American business men and bankers, who now need to think internationally in a world which has been made over since 1914.

The author supports a liberal trade policy and a consolidation of the commercial gains which have accrued to the United States during the years of the World War.

THE ECONOMIC DEVELOPMENT OF THE ARGENTINE REPUBLIC IN THE LAST FIFTY YEARS. Ernesto Tornquist and Company, Ltd. Buenos Aires, Argentine.

The Argentine Republic is of great importance. Its development in the last fifty years demonstrates that its soil, race, ideals, social, political and economic organization will make it within a few years one of the most powerful nations on earth. The possibilities held out to work and to enterprise there are unlimited. The government cultivates the traditional spirit of Argentine hospitality, making the foreigner welcome and respecting the capital which enters the country.

The firm of Ernesto Tornquist and Company, Ltd., has presented to those who are interested, the completest synthesis possible of its economic, commercial and financial statistics so as to permit its being studied thoroughly. The work is restricted to a compilation of the most authoritative statistics of the country, with a scientific criterion and on the general lines of government year books defining throughout, the economic character of the country.

THE MECHANICS BANK 1834-1919 Trenton in New Jersey. By Dr. Carlos E. Godfrey. Trenton.

This institution has enjoyed three-quarters of a century of successful banking and tells the story of its growth linked up with the current history of Trenton from the earliest times. The site of the bank is an historical spot of unusual state and national importance. Congressional and legislative sessions, social functions, business ventures, civic and patriotic organizations touching the life of Trenton from the earliest days, all had their beginnings and activities on the site of the Mechanics National Bank, where was once the French Arms Tavern. The history reads interestingly from that period to the present day, giving sketches of the directors and officers and the financial standing of the institution.

JAPAN YEAR BOOK 1919-1920. New York: Dixie Book Shop.

This is the fourteenth annual publication of the Japan Year Book. It is a complete cyclopedia and reference book on present day Japan.

PICTORIAL CHOSEN AND MANCHURIA. Bank of Chosen: Seoul, Chosen.

This book is published celebrating the decennial of the Bank of Chosen. It is well illustrated showing the changes and improvements in the villages, because of the better business methods that the Eastern peoples are learning. The views of the new towns with their modern buildings are in sharp contrast to those of the old villages. The entire volume shows the great advance and interest of these countries in western civilization. The history, present manners and customs of the people are illustrated.

The Bank of Chosen has established branches in many of the important cities of these two districts and is constantly seeking opportunities to aid in bringing advanced ideas before the people.

FOREIGN EXCHANGE IN ACCOUNTS. By George Johnson. London: Effington Wilson.

To commercial students, bookkeepers, accountants and others, a practical acquaintance with the currencies in which foreign books are kept, the organization of the accounting, the manner in which transactions are to be advised, etc., are indispensable.

Practical examples are given throughout this book from actual practice, dealing with special points in the South American languages, especially the Argentine and Brazilian exchanges and other currencies.

THE IRON AGE CATALOGUE OF AMERICAN EXPORTS. New York: The Iron Age Publishing Co.

The Iron Age Publishing Company has just published The Iron Age Catalogue of American Exports, for distribution in the civilized countries of the world. It contains the catalogues of leading American manufacturers of engineering, railway, foundry and electric equipment and supplies, iron and steel, machinery and tools, hardware and cutlery.

The Iron Age Catalogue of American Exports is designed to give the manufacturers, engineers, importers and other buyers in all countries, a compendium of readily understandable data of the products manufactured in this country. In order that the foreign buyer may be adequately advised of products which American manufacturers have to offer, it is written in the five main languages of the world, English, Spanish, French, Portuguese and Russian.

The translations were made with the view of preserving idioms of the various languages so that no difficulty will arise in understanding. To further facilitate this, metric equivalents are used throughout. The catalogue contains over three thousand illustrations and is replete with specifications, data and other information which will make it useful to the technical as well as other buyers.

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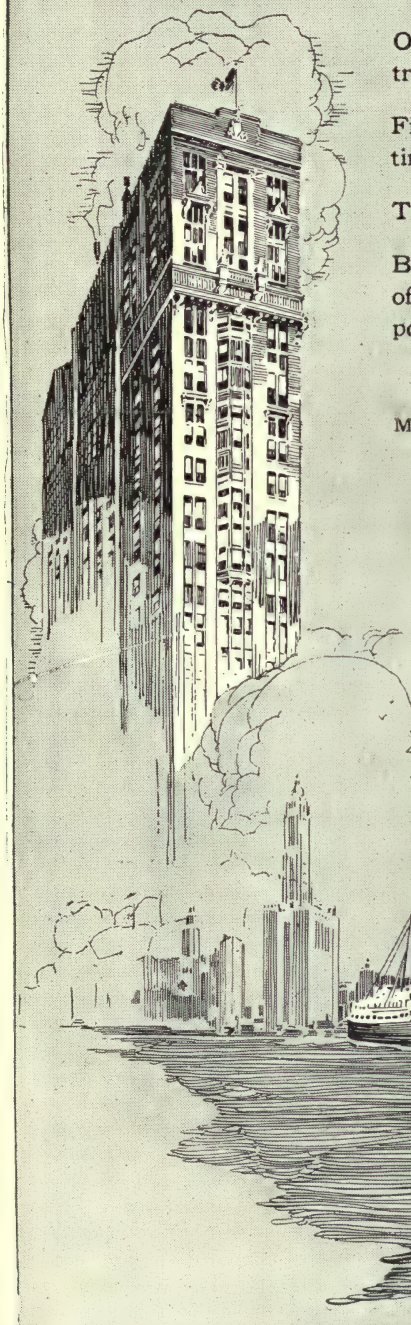
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The Financial Situation of France

By Nicholas Petrescu, Ph.D.

[This is the first of a series of articles by Dr. Petrescu, who is now in Europe investigating financial and economic conditions for THE BANKERS MAGAZINE.—Editor.]

THAT the actual conditions of France's finances are the result of the war, no one will deny or doubt. Nevertheless, there are a multitude of secondary reasons which have determined the present crisis, and which, since the signing of the armistice, have given rise to many misunderstandings. I propose to consider such reasons in order to furnish an explanation of the problems with which the French Treasury is grappling at present, as well as to dispel the impression now prevailing abroad that France's credit has been weakened.

UNDERPRODUCTION

One of the most decisive causes that has contributed to the loss of equilibrium in French finances after the cessation of hostilities is to be found in underproduction. This fact was, however, determined by several circumstances independent of the will of the Government, such as the shortage of labor, the lack of raw materials, the destruction of the industrial plants in Northern France.

The shortage of labor resulted not only from the losses of life suffered during the war, but also from the fact that France was compelled by the international situation of Central Europe to maintain a great army up to the present day. While all other great powers had practically demobilized their armies last year, France had to keep a great proportion of men under arms after the signing of peace. The unsettled conditions in Germany and the international obligations regarding the occupation of the left bank of the Rhine demanded such a measure.

The lack of raw materials resulted also from conditions independent of France. In the first place the import of coal from England was impossible in 1919 on account of the labor unrest in that country, and the quantity of coal delivered by Germany was inferior to that stipulated in the Peace Treaty of Versailles. As a matter of fact, Germany has delivered to France up to March 31 only 3,654,318 tons out of 20,000,000 tons per year required by the economic clauses of the said treaty (Anex V, 2). Other raw materials were imported in insufficient quantities, partly on account of the unprecedented demand of the world market, partly on account of lack of transportation.*

Finally, the wanton destruction of industries in the invaded territories could not be repaired at once, for, as already seen, there was neither labor nor raw materials sufficient to enable a speedy recovery. Besides this, the work of reconstruction was handicapped by lack of capital. Under such conditions the industries that had lagged behind four and a half years could not resume work at pre-war figures. The result was that underproduction upset the balance of trade and the financial conditions of the country.

FINANCIAL DISORGANIZATION

The financial situation of France was further determined by the disorganization of public finances. French financiers are inclined to ascribe the present difficulties to several errors committed by the French Government during and after the war, such as lack of foresight regarding the duration of the world conflict, inadequate taxation, and inability of exacting from Germany the indemnities foreseen in the Peace

*France has lost in the submarine war 961,000 tons out of 2,556,000 tons of her total merchant marine. On the morrow of the armistice there were only 40,000 tons of German ships seized in French ports. The loss amounted thus to 941,000 tons, which figure represents 36 per cent. of the total tonnage of the French mercantile marine.

Treaty. In other words it is contended that the French Government has pursued a financial policy from hand-to-mouth during the war, neglecting to establish in advance an equilibrium between revenues and expenditures. The war budgets had been "improvised," and the Treasury has failed to control the situation. This state of affairs became more acute by the continual appeal to credits under the form of inadequate loans and issues of paper money. For it was the policy of the French Government, like that of other European governments during the war, to borrow instead of taxing, in order not to burden overmuch the people. Whatever psychological value such a policy might have had, it has now proved to be unwise. No doubt, a gradual taxation during the four years of war would have greatly reduced the obligations of the French Treasury.

The charge of inability to exact the indemnities from Germany is, of course, unwarranted when viewed in the light of international politics. A divergence of opinion among the Allies has prevailed ever since the signing of the Treaty of Peace. France could not alone coerce Germany as long as the other great powers were unwilling to acquiesce in such a policy. The recent events in the Ruhr have clearly disclosed the lack of unity as regards the application of the Treaty of Versailles. The only justifiable charge in this respect is that the French Government, after having made the people believe that Germany would pay everything, has based its financial policy on this assumption. But whatever errors the French Treasury might have committed in the past, its present policy shows that it has the situation well in hand. As will be seen hereafter, an adequate taxation is being imposed and a rigorous control is being observed on imports.

THE DEPRECIATION OF THE FRANC

The conditions described above are reflected in the depreciation of French currency values. With an adverse balance of trade and with the flood of paper money and the expansion of credit instruments, the French franc has shrunk to a third of its parity value. It will be remembered that during the first week of February the dollar had been quoted in French francs at 15.15 against its normal parity of 5.19. This was the lowest point ever reached by the French franc, but since then things have become even worse. At the time I am writing this (third week of April) the French pay fr. 64.25 for the pound sterling, fr. 16.22 for the dollar, fr. 2.92 for the Swiss franc, and fr. 2.60 for the peseta.*

It is interesting to note in this connection the various explanations given for the break in the French exchange. The man in the street thinks that the depreciation of the franc is simply a crafty scheme of international speculation, and he is prone to infer that the franc is so low because the dollar is so high. Other people regard prohibition in the United States as responsible for the depreciation of the franc, meaning thereby that France has been deprived of her American export of wine and champagne. There may be some truth in this fact, but beverages represented only a small percentage of French exports to the United States before prohibition.* Finally, there are people who think soundly and who are willing to go to the root of the matter, by admitting that the depreciation of French currency is due to the discrepancy between exports and imports, and to inflation. In fact, the actual position of the French exchange is due to the heavy demand for raw materials necessary for the resumption of industrial production. The trade statistics for the first two months of 1920 show that imports amounted to 4,644,099,000 fr. and exports to 2,046,227,000 fr., showing thus an adverse balance of 2,597,872,000 francs. Moreover, the monetary in-

*On April 13 the dollar was quoted on the Paris Stock Exchange at fr. 17.05.

*The French export of liquor (wine, champagne, etc.) to the United States amounted in 1913 to 12,876,000 fr.; in 1917 to 15,908,000 fr., and in 1918 to 8,280,000 francs.

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flation due to the abnormal issue of paper is reflected in the following figures. The actual amount of notes issued by the Banque de France represents 37,334,000,000 francs against a metallic stock (gold and silver) of 5,800,000,000 francs.

WHAT FRENCH FINANCIERS THINK

In spite of the actual conditions, the recovery of French finances is a matter of little time. The impression which one gathers throughout the country is that France will regain her financial and economic equilibrium within the next few months. There are, indeed, signs that both the Government and the people are determined to employ every means in their power for the rehabilitation of national finances.

While there is unanimity of opinion regarding the speedy recovery of finances, there are two opinions prevailing in financial circles with regard to the advisability of recurring to further credits abroad. The following declarations made by two leading bankers and financiers represent the two points of view.

"France's financial crisis is only momentary and of no vital consequence upon the future. The truth is that a country with infinite natural and colonial resources and with a population willing to work can never be bankrupt. We have consumed more than we have produced during the war, so that we had to make up the difference by buying abroad. Such purchases could not be obtained through credits only. The time had to come when we were obliged to pay in gold for the imported goods. The result was the disequilibrium of our trade balance, which necessarily led to the break in our exchange. We do not blame our more prosperous and fortunate allies, such as the United States and Great Britain, for leaving us alone in this crisis. We have been helped in the past, but now we have got to help ourselves.

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It will be hard, but not impossible to extricate ourselves from the present situation. The new taxes which are being imposed upon us, and the new loan to which we have so quickly and spontaneously subscribed, are indicative of the new spirit of the country. I regard the present financial crisis as beneficial to our people. It is perhaps the best stimulus to the economic rehabilitation of the country."

The other view runs as follows: "We are passing through an unprecedented financial crisis, but our troubles are not the result of national conditions only. They are the outcome of international complications in which we have our share, but for which we are not alone responsible. It is forgotten that we have discounted our own exchange by borrowing for others. We have become the banker of Germany, for the indemnities due us from that country represent the chief sources for our economic and financial reconstruction. There are great expenditures which the treaty of peace has imposed upon us: 4 billion 837 million francs for the war victims, and 16 billion 500 millions for the reconstruction of the devastated territories. These amounts are advanced by the French state at the detriment of its exchange. Moreover, Germany will pay us only 5 per cent. interest for her debt, while we are compelled to pay 5.75 per cent. for the amounts borrowed for the purpose of reconstruction.

"We have fought militarily and politically beside our allies. The war has been a world affair. For this reason it is neither just nor fair that during the present crisis we should be left alone by our allies who have been with us under more critical conditions. We do not ask for charity, we demand only a just distribution of liabilities. We are willing to work, to pay, and to set our house in order, but to achieve this we must have an economic and financial alliance. We ask from our more prosperous allies and our best sellers, name-

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ly from the United States and Great Britain, to grant us further credits. An understanding between the French Treasury and the Treasuries of the United States and Great Britain is all we are asking in order to rehabilitate our exchange and foreign trade. There is no reason why such an understanding should be delayed. It is our interest as well as the interest of our allies to see us recovered as soon as possible. If, however, the United States and Great Britain do not help us, then we will help ourselves. It will be more difficult and more expensive, but we shall triumph in the end for the good reason that we have a rich country and we are a thrifty nation."

THE DECLARATIONS OF THE FINANCE MINISTER

M. François Marsal,* the French Minister of Finances, has made in the Chamber of Deputies several important declarations regarding the new loan and the budget of 1920. We extract the following facts and figures. The subscriptions to the new loan have produced 15 billion 700 million francs, which are distributed as follows: 6,800 millions in cash, 560 millions in Obligations of National Defense, 376 millions in coupons of French bonds, and 4 millions in other values. These payments have been furnished through several channels, namely: 4,900 millions through the state accountants, 3,900 millions through the various establishments of credit, 6,500 millions through the Bank of France, 275 through foreign subscriptions, and 84 millions through subscriptions in the colonies.

To realize the actual position of French finances one must take into consideration France's tremendous sacrifices in money. The credits which the Parliament has voted during the war amount to 158 billion 500 million francs. The credits open for 1919

*M. Francois Marsal is a banker by profession. Before his appointment as Minister of Finances, he was Director of the Banque de l'Union Parisienne.

amount to 48 billion 500 million francs. In 1914 France's average expenditures per day amounted to 41 millions, in 1915 to 63 millions, in 1916 to 82 millions, in 1917 to 100 millions, in 1918 to 127 millions, and in 1919 to 130 millions.

About 15.5 per cent. of the war expenditures have been covered by taxes, 37.6 per cent. by loans at long term, and 46.9 per cent. by loans at short term. In 1919 this proportion was different. The loans at long term represented only 11 per cent. of the total expenditures, the loans at short term 68.3 per cent., and the taxes 20.6 per cent. The definite proportions with regard to expenditures and the various resources realized since August 1, 1914, till January 1, 1920, are the following: 16.6 per cent. for taxes, 26.9 per cent. for loans at long term, and 56.5 per cent. for loans at short term. One sees thus that the French Government during the war has found the chief resources in loans at short term. The monetary inflation and the hole in the budget are due to this policy. M. François Marsal as well as the leading financiers of the country are determined to reduce the floating debt as soon as possible. The new taxes which have been lately voted by the Parliament and which will yield at least 8 billion francs, will be employed to reduce the monetary circulation.

The provisions established for the year 1920 are summed up as follows: Expenditures: the ordinary budget, 17,800 millions; the extraordinary budget, 47 billions, of which 22 billions are redeemable through the indemnities due from Germany. To this is added an augmentation of credits estimated at about 3 billions. The total figure of the budget amount thus to 50,519 million francs. The redemption of short term obligations for the current year is, however, not included in this figure. On the other hand, the revenues consist of the following figures: 11 billions from the yield of the existing taxes; 7 billions from the new taxes; and 3 billions from the realization of war stocks. The total of revenues amount thus to 21 billion francs. To this may be added the products of new loans and issue of obligations in amount of about 21 billions. The total figure of resources is 42 billion francs, so that the deficit represents about 8 billion francs.

To meet this deficit and to re-establish the equilibrium of public finances, M. François Marsal recommends the following remedies: to collect with firmness the existing taxes; to realize everywhere all the economies possible; to prepare and impose new taxes to obtain from new loans the maximum possible; to be firm regarding the execution of the peace treaty; to negotiate with the allies in order to establish a financial solidarity which should have been since the armistice the necessary consequence of the common victory.

CONCLUSION

The contention that France's present financial situation is critical cannot be gainsaid. In reaching such a judgment, one must, however, not forget that both the Government and the people are fully aware of it. As already seen, the French Government is taking all the measures to relieve the situation, and the French people are willing to submit themselves to further sacrifices with the same spirit as during the war. There is, therefore, no danger of seeing things going worse, and there is every reason to believe in the improvement of French finances.

The question uppermost to the mind of the French bankers and economists is that of deflation, that is, the reduction of the volume of currency. To achieve this an increased production of goods and the reduction of imports are absolutely necessary. The re-establishment of the trade balance will have a salutary effect on the French exchange and thereby on the French credit abroad. It is more the depreciation of currency than the difficulties of public finances that set the French people to think of their situation. They feel, and not without reason, that they should regain their former financial position at any price. It is with this purpose in view that the French Chamber of

Deputies is discussing at present the possibility of a tax on capital and other drastic measures.

In the preceding pages I have endeavored to give an account of the present financial situation of France, refraining from any personal opinion which I might have formed in the course of my investigations. I feel, however, that I should fail to attain the object of my exposition if I passed under silence an allegation which has given rise to many misunderstandings on both sides of the ocean. I mean to dispel the erroneous impression now prevailing abroad that France's credit has been weakened.

It should be borne in mind that the French franc has not been depreciated in France. Thus a gold piece of 20 francs and a bank note of 20 francs have the same value in France, although the first, if changed abroad, means three times more than the second. In Germany, for instance, a gold coin is received at the rate of gold exchange. Moreover, whenever I have looked I have found that the average trader as well as the leading financier possessed an absolute confidence in the financial future of France. The note of pessimism is absent from the mind of the French people. There is only one apprehension to be found, namely, with regard to the means to achieve the supreme end, the rehabilitation of French currency values in foreign countries.

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Greece After the War

By M. S. Eulambio

ABOUT GREECE very little is known, especially in the United States. Even in the great centers of Europe there was prevailing previous to 1912 the misleading idea that Greece was one of the weakest countries in the southeastern corner of the old continent. I was one of the first who at the beginning of the war against Turkey, some seven years ago, tried to prove, in my articles in the "Economist" of London, that my country was financially even then the predominant factor in the Balkan Peninsula. A great crisis is always the best arena of showing financial strength. Are we not living, since 1912, in an endless period of crisis of the greatest magnitude? The movement of the foreign exchanges constitutes the most accurate measure of the financial strength of a country. Already during the wars of 1912-1913 the neighboring countries suffered a depreciation of their currency

while Greece remained quite healthy. During the great struggle—1915-1918—the Greek Drachma remained at par with the mighty dollar.

Four have been the contributing factors to the final victory of the allied and associated powers: men, money, ships, and economy in imported articles. Let us with a few words examine which has been the contributions of Greece to the happy termination of the war. From the military point of view, the first theatre of war, when the Central Powers were forced to acknowledge their defeat, has been in Macedonia with the Greek element as the predominant one.

Financially, Greece made the war by her own resources. The advances of the allies were not employed during the war. Greece has been, moreover, enabled to meet the cash requirements of the allied troops in Greece of some $40,000,000 without using the respective foreign credits. On the other hand, the balances of bankers and individuals in Greece in the foreign countries, United States, United Kingdom, and France, amounted to over $200,000,000.

The war fleet has done her duty in the difficult Greek waters. The Merchant Marine was estimated in 1914 at 821,000 tons. In 1918 there remained only 291,000 tons. The submarine war meant losses of 163 vessels weighing 406,380 tons, thus putting Greece, from the point of view of vessels sunk and their tonnage in the fourth place among the nations whose shipping was impaired, although in the percentage of vessels lost she takes the very first place with 64.6% of her total shipping. The greater part of our merchantmen served during the war, the one or the other of our allies.

Under the heading of parsimony in imported articles, it must be pointed that the imported wheat quantities during the two war years equal the quantities of one normal year. Imported coal has been reduced to one-tenth of the pre-war period. Thus the greatest economy has been exercised even in the articles of the very first importance.

The finances of Greece have undergone the following alterations: Before the outbreak of the wars of 1912-1913 (Sept., 1912), the total indebtedness amounted to $208,000,000, corresponding to $77.00 per inhabitant (25,000 square miles; population, 2,700,000). It increased during the last seven years to $563,000,000 (Nov., 1919), coming to $112.50 per head of the population (including the territories acquired through the wars of 1912-1913; 47,000 square miles; population, 5,000,000—not reckoning the provinces to be added by the Turkish treaty, not yet concluded). The assumed debt during the two wars 1912-1913, the year of unsettled conditions of 1913-1914, the great war, 1914-1918, and the first year of supposed peace, amounted to $355,000,000, or $71.00 per inhabitant. If we compare these figures with those of the other countries, we arrive, according to the "White Paper," presented to the House of Commons in the last days of November, 1919, to the following conclusion:

Countries	Debt Increase Per Inhabitant
United Kingdom	£156.5
Germany	128.6
France	114.4
Belgium	74.4
United States	55.5
Serbia	26.0
Roumania	19.3
Greece	14.12

In the above table we reckoned for Greece all debt concluded since 1912, while for the other countries, the estimates are made since August, 1914.

By the wars of 1912-1913, Greece, as we above observe, almost doubled in territory, while the population increased by 85 per cent.

In the calculation of the debt contracted during the last seven years, there are also comprised the advances of the allies, which during the war have been only forming the cover of the National Bank's notes issued according to the law of 1910. They were placed at the credit of the bank with the various treasuries under the condition to be used six months after the conclusion of peace, or when the foreign balances of the bank came under $20,000,000.

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Therefore, they are only now beginning to be liquidated. They form the larger part of the assumed debt, which consists of the following items:

1. Advances	$223,000,000
2. Treasury Bills (1918-19)	32,000,000
3. Internal Loans (1917-18)	35,000,000
4. Five per cent. 1914 Loan	65,000,000
	$355,000,000

The service of the debt is requiring, for 1919-1920, the sum of $16,250,000. Therein there is no allowance for the advances which, as above said, are only now being given to Greece. Reckoning also for these an interest for the next future of 5%, we arrive at a total needed service of $27,750,000. The revenues affected to the service of the public debt stand under an international financial control commission, composed of delegates of Great Britain, France, Russia, and Italy. They comprise the following items:

(a) Monopolies of salt, petroleum, matches, playing cards, cigarette paper, tobacco, emery, Stamp Duties (of the old provinces).

(b) Customs of Piraeus, Patras, Lamia, Corfou, Volo, Saloniki, and Cavalla.

Their proceeds amounted, for 1919, to some $34,000,000. If we include the same duties for the new provinces, we come to a sum of $44,000,000.

As the real service, however, requires only $16,250,000 against revenues affected of $34,000,000, we arrive at the conclusion that at the present time nearly half of the affected revenues contribute to the reinforcement of the treasury for meeting other disbursements.

The National Bank of Greece is the only bank of issue, the privilege of the Ionian Bank of a maximum issue of Dr. 7,000,000 ($1,400,000), having gone over to the National Bank on April 25. The Government is issuing notes of Dr. 1 and Dr. 2—total amount on December 31, 1919, or Dr. 30,659,000 ($6,131,800). The Government notes

have a full cover in foreign exchange deposited with the bank.

The total notes issued amounted on Dec. 31, 1913, to.....	$62,120,000
The total notes issued amounted on Dec. 31, 1918, to.....	281,347,000
The total notes issued amounted on Dec. 31, 1919 to	387,792,000

Last year's increase has been of 2¼%. The over issue since the European war are covered by the advances.

The large increase in circulation is also due to the non-existence in Greece of the check system which, in normal times, is also a contributing factor to inflation.

Inflation and a rise in the cost of living are the questions also of Greece. They are, however, international problems and cannot be solved but by a concerted action of all trading countries together through the creation, according to my opinion, of an international Chamber of Finance.

1. ISSUES OF THE NATIONAL BANK OF GREECE

(a) For the accounts of the Greek Government (forced paper)—in 1898 they amounted to Dr. 94,000,000.

By yearly government repayments they were reduced accordingly, totaling at December 31, 1919, Dr. 51,000,000.

(b) For its account (privilege):

The maximum amount of issue was at 1898.....Dr.	60,000,000
By the fusion of the Epiro-Thessalian Bank it increased in 1900 to.....Dr.	66,000,000
It further increased by the law of 1915 on account of the incorporation with Greece of Macedonia, Epirus and the islands (gains of the wars 1912-13) to .....Dr.	156,405,000
(Also by the fusion of the Cretan Bank in 1919.)	

2. ISSUE OF THE IONIAN BANK

Maximum amount (privilege): Dr. 7,000,000

On April 25, 1920, this privilege went over to the National Bank of Greece, which will thus have the exclusive right of issuing bank-notes in Greece.

Since 1918, we have also an issue of Government notes of Dr. 1 and 2 with a full cover in foreign exchange deposited with the National Bank of Greece.

According to the law of 1898, there were no other notes issued permissible, but these necessitated by the requirements of trade within the fixed or to be fixed limits of the conventions of the established or to be established banks of issue.

During the first decade of the century, we observe on the one side, no new issues; on the other side, the withdrawal of Dr. 20,000,000 of forced paper. During these years the development of trade was very intense. It is, therefore, quite obvious that the money circulation stringency became greater from year to year. The bank possessed, moreover, no means of enlarging its gold holdings or increasing its foreign balances. We witnessed an enhanced speculation in foreign exchange with very large fluctuations of the rates.

The law X M B, of 1910, was destined to place affairs in a proper order. By this law the National Bank of Greece obtained the privilege of issuing bank-notes for the exclusive purpose of buying either gold specie or foreign exchange at the maximum price of par. On the other hand, the bank was bound to sell the gold at par value plus one per mille commission.

Thanks to this law the bank was enabled to buy at the current rates, as above stated, the debts represented by the foreign bills of the export dealers, who, in exchange, received the countervalue in bank-notes of such an issue. Getting thus command of the export trade, the bank acquired the means to cope with all requirements of the import merchants.

Quite obvious are the gains thus attained:

(a) The transfer expenses are narrowed to a minimum owing to the existence of funds in nearly every trading country.

(b) The capital serving as a cover of the bank-notes and deposited with

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foreign banks is bearing the interest of a sight deposit.

(c) Gold shipments are effected in a very limited scale.

(d) The concentration and regulation of all commercial relations with the foreign countries by the bank of issue is annihilating speculations.

The benevolence of this law, however, has not only been restricted to the commercial dealings. All other foreign money affairs could and have been adjusted in a similar manner. Against the proceeds of a loan, for instance, deposited with the banks of foreign countries in its name, the bank could be called to the issue of a corresponding amount of bank-notes of such a category for the payment of the loan to the government without necessitating the remittance of money. Thus this law has transferred the bank of issue to a clearing house of all foreign money transactions.

As nothing succeeds like success, it must be acknowledged by the results achieved, that the success of these notes has been far greater than it ever would have been anticipated even by its author, the late Mr. Valaority, governor of the National Bank of Greece.

Having been created on the eve of the Morocco affair, they had to stand the Egyptian Crisis, the Italian, the two Balkan and the whole European war. Owing to her geographical situation, Greece has been in the current of all momentous crises. During the great struggle, Greece has fully done her duty towards the allies on the one side, in giving her men, her savings, as also her ships (some hundred of thousands of tons), restricting on the other side, to the uttermost, the imports of even the necessary food articles.

While in the past Greek exchange has been distinguished by its unsettledness—for a continuity of twenty-five years previously it was depreciated—we must lay stress upon the fact that the Greek exchange did not move from

its fixed rate during the most striking events of world history.

During the wars of 1912-13, there is no doubt that, without the elasticity of law, there would have been great difficulty as well in the regulation of the interior circulation as also in the management of the foreign exchanges. And while there has been an agio in all surrounding countries, the Greek exchange remained quite healthy.

Unsurmountable would have also been the difficulties presented by the European War. Owing, however, to the bank of issue becoming the only reservoir of the country's total foreign balances, Greece has been perhaps the only country where, from the beginning of the war the exit of not even one sovereign was necessitated.

The great advantage of these notes consists in there being entirely covered. Their cover lies either in the vaults of the bank in gold, or in the vaults of the foreign banks as sight deposits. Since the European war and in consequence of the gold prohibition act, the notes are only covered by foreign balances.

The French exchange was taken in the law as the par of the Greek exchange. At that time (1910) it was one of the best international exchanges based upon gold. As the French exchange began to depreciate, the New York exchange was fixed as the basis of our system. (Since the summer of 1915.) The Drachme remained at par with the dollar until the autumn of 1919.

The total issue of notes according to the law of 1910 amounted on December 31, 1919 to Dr. 1,194,000,000. The National Bank notes issued inclusive of the notes of 1910 on the above date were Dr. 1,401,300,000, against Dr. 1,379,000,000. With the Ionian Bank's notes of a maximum of Dr. 7,000,000 and the government's notes of Dr. 30,659,000, we arrive at the total of Dr. 1,438,959,000 notes of any category issued in Greece to January 13, 1920, against Dr. 1,406,736,000 of last year. The total money increase within 1919, amounted to 2¼ per cent. Assuming that the total money circulation amounted to Dr. 1,500,000,000, we come to the corresponding figure of Dr. 300 per head of the population (about 5,000,000).

In comparison to other countries, the per capita proportion is the following:

Sweden	£7.5
Spain	8.00
United States	11.00
United Kingdom	12.00
Greece	12.00
Holland	14.12
Italy	17.16
France	37.00

It must be added that in Greece the check system is not developed.

The reasons of the depreciation of the Greek exchange since autumn are chiefly to be attributed:

(1) To the downfall tendency of all European exchanges in the New York market, the adverse balance of Greece in her trade with this country for 1919 amounted to $14,270,000. Taking into consideration, however, the invisible items of the funds transmitted to Greece by her Nationals in the United States, it is a question if there would remain anything of the above adverse balance. At the beginning of 1920, the National Bank of Greece possessed, moreover, balances in this country of some $45,000,000.

(2) To the large orders of goods made by Greeks since the summer of 1919. They were destined:

a. For supplying the interior of the country.

b. For the creation of stocks.

At the close of the year, there were in the various ports of Greece available goods calculated at about Dr. 400,000,000. Goods paid and not paid arrived amounting to about Dr. 250,000,000.

c. For supplying the neighboring countries. This kind of trade stands under government control and is only permissible as long as goods could be exchanged, either with goods or with such an exchange which might be good enough for obtaining merchandise.

d. For purchasing of steamers,

Banking Service in the Far East

Exceptionally direct and time saving banking service with the Far East is offered American business men through the New York agency of the Chartered Bank of India, Australia and China. Our own branch offices and agencies are located as follows :

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JAVA
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Sourabaya

SIAM
Bangkok
Puket

SUMATRA
Medan

PHILIPPINES
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Iloilo
Manila

MALAY STATES
Ipoh
Klang
Kuala Lumpur
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Chartered Bank of India Australia and China

Head Office
London

New York Agency, 88 Wall Street
William Baxter, Agent

Capital and Reserve
Over $24,000,000

Greek securities circulating abroad and depreciated foreign exchange.

The large sums needed during the last months created a nervousness, chiefly between November and February—since March the Greek exchange has rather a little improved—which must be also attributed to the fact that the balances of the bank are at present not only in banks but mostly in the treasuries of the United States, United Kingdom and France. They cannot be mobilized by the same speed. The indispensable formalities in such cases are always connected with a considerable loss of time. This gives rise to speculation and the present depreciation. The Greek exchange, however, continues to be after the London—the London market tends to a supremacy over Europe—the best exchange of the European ex-belligerent countries being protected by the stronghold of the foreign balances representing the full cover of the notes. After another three months the amounts due from the Treasuries can be transferred to the banks according to the existing conventions. The present difficulties are not the fault of the system which worked admirably well during all momentous years of recent world history.

The annual income of Greece is valued at about $400,000,000. The greater portion of debt is circulating in the interior, the other part is counterbalanced by foreign investments.

The financial conditions would have been much better if the Versailles treaty would have meant peace with all adversaries of the allies. Having been limited, however, to only Germany, the other enemies were to be dealt with each one separately. After a year and a half is only now to be concluded the Turkish treaty. On account of this reason, the Greek debt increased in 1919 by some $80,000,000, a sum equal to nearly the annual revenue of the last year. It is an essential thing for increasing the productive power of Europe to restore peaceful conditions. To

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Established in 1830

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$14,192,498.91 Argentine Gold
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CORRESPONDENCE IN ALL LANGUAGES INVITED

achieve this the map of the old continent must definitely be framed. It requires a real co-operation of all the chief contributing factors. It lies chiefly in the interest of all to establish usual normal conditions in Europe, otherwise the unrest of the world will be increasing.

Examining the resources of the country, we have to take into account the following points. In agriculture, we are still dependent on foreign countries for a part of our needed wheat (some 250,000 tons yearly). Since the war, however, the peasants have made large profits. As a consequence, we have an intenser cultivation, the land is better handled and agricultural machines have been introduced. A better cultivation of Thessaly and Macedonia, which is very fertile, but only 1/5 of which has been cultivated, would solve this very serious problem. The employment, on the other hand, of the water power of the rivers could make the land self-supporting also on coal.

The chief articles of export are currants and tobacco. Exported are also fruits, olives, oil, oil substances, animal products (hides and skins) metals and mineral crude (raw ores, chrome ores, magnesite, emery) metals and minerals manufactured (marble, quarry products), wines and liquors.

Against the above we are importing the following: animal, sugar and sugar products, preserved fruits, metals and animals, rude and manufactured cotton yarns and fabrics, paper products and objects of art, scientific apparatus and machinery.

Greece is one of the financially healthier countries of Europe. As above stated, her public indebtedness is small in comparison to the debts of the other European ex-belligerents. The paper circulation of the National Bank, the only bank of issue, possesses a cover of 87.85 per cent. in foreign exchange. Not comprised therein is the gold in the vaults in the bank.

By our new acquisitions, after the

Answering the Call of Far Eastern Trade

ACCORDING to recent estimates, fully 75 per cent. of trans-Pacific passengers today are travelling on business, and only 5 per cent. are tourists. Before the war business men furnished only about 5 per cent. of the travel, while tourists contributed 75 per cent.

This tremendous movement toward the Far East is evidence of the remarkable growth of that territory as a field for American commercial and industrial enterprise.

Complete facilities to provide for your banking needs in the furtherance of your Far Eastern business are available through branches of the Park-Union Foreign Banking Corporation in China and Japan.

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T. Fred Aspden, *Vice-President*
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PARK-UNION
FOREIGN BANKING CORPORATION
56 Wall Street, New York
Paid Up Capital and Surplus, $2,250,000

San Remo agreement, of Thrace and Asia Minor, we shall become one of the important factors in the southeastern corner of the Mediterranean extending from the Adriatic to the Black Sea. Five cities, that is, Athens with the Piraeus, Constantinople, Smyrna, Salourcer and Alexandria, will form the axis around which will revolve in the future the economic life of Greece.

Since the ancient times our population consisted mostly from shippers and traders. On sea we suffered heavily during the last war as it has been already mentioned. During the last months, however, large purchases of steamers are taking place. There is not the least doubt that the Greek merchant marine will very shortly reach her pre-war strength. Commercially, we have strong connections not only in the various Balkan States, but practically in the whole world. In considerable numbers are the Greeks living outside their native land. On the Black Sea, in the Bosporus and in the Propontis, in Egypt, in the principal centres of Europe, in Abyssinia, in South Africa, the United States, Canada, South America, China, Japan, India—they are the intermediaries in the trade between the country they are representing and their native country. A great many of them are prospering in commerce and banks.

British Shipping Progress

GREAT BRITAIN'S progress in the work of restoring her merchant marine to its pre-war tonnage is indicated by information forwarded to the Bankers Trust Company by its London correspondent.

In June, 1919, after sustaining a loss of almost 8,000,000 tons in the submarine warfare, the British merchant fleet, including ships built during the war, had a total tonnage of 18,208,000 tons

South African Banking Since 1890

THAT successful development of foreign trade is based on wide knowledge of the countries with which business is being transacted, has become an axiom of commerce.

We know South Africa. Established since 1890, we have developed with the Union. Our 400 branches in the heart of that territory are in intimate touch with its commercial and industrial needs.

Our New York Agents, possessing unusual knowledge of South and East Africa through years of actual residence there, are in a singularly advantageous position to assist American merchants and manufacturers in the extension of their trade throughout the provinces.

National Bank of South Africa, Ltd.

New York Office, 10 Wall Street R. E. Saunders, Agent

Total Resources over $287,000,000

BOMBAY LONDON ANTWERP

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E.C.3.

Capital Authorized and Subscribed . .	$7,500,000	(£1,500,000)
Capital Paid-up	3,750,000	(£ 750,000)
Reserve Fund and Undivided Profits . .	3,928,970	(£ 785,794)

BANKERS: Bank of England; London Joint City and Midland Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application.
Fixed Deposit rates quoted on application.
On **current accounts** interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY, 64 Wall Street

compared with a tonnage of 20,534,000 tons in 1914. The figures are from Lloyd's register. Launchings from June, 1919, to March 31, last, were 1,307,000 tons and 1,334,000 tons were gained through the allocation of German ships.

Thus the British commercial tonnage afloat—excepting that part of the new tonnage launched for foreign ownership, and including the allocated ships—now totals some 20,500,000 tons, or about equals the pre-war tonnage. As Great Britain is leading the world in tonnage under construction it is possible for British yards at the present rate of launching to add another 1,000,000 tons to the merchant navy before the end of the year.

Ship production is only a part of Great Britain's effort to reconstruct her mercantile marine. She is hurrying resumption of shipping service to various parts of the world and is inviting large investment of capital in shipping enterprise.

Within the past few months more than a score of new British shipping companies have been registered, each with a capital of $500,000, or over. A considerable number of smaller companies have also been offering stock to the investing public. As an indication of public interest in the industry, a $5,000,000 shipping issue recently offered was oversubscribed. Among the larger companies is one with a proposed capitalization of $100,000,000; another of $25,000,000 and one $10,000,000 company.

Service resumption of the individual shipping lines is illustrated by the showing of a company in the South American trade. This company now has forty-four ships in service with a total tonnage of about 250,000 tons, which is some 46,000 tons in excess of its fleet tonnage in 1914. During the past year it secured six new ships from builders. It paid a ten per cent. dividend on its 1919 business and added $375,000 to its reserve fund.

In considering this record it should be recalled that the company's ships, like those of other British concerns, were under Government requisition during and for a considerable period after the war, which meant the abandonment of established service and trade connections that had been built up over a long period of years. While the Government requisition of British shipping has been released, a measure of control is still exercised by the Ministry of Shipping which can "direct" the sailings and limit the freights.

This partial control is but one of the handicaps giving concern to leaders of British shipping industry. Britain's maritime recovery must cope, also, with the problems of nationalization, the high cost of bunker coal (approximating 115 shillings compared to about 15 shillings a ton pre-war price) port congestion, and fall in bulk of exports and imports owing to the world's lessened production.

Finally there is the competition, frankly admitted as being serious, of

VARIOUS METHODS
IN
VARIOUS LANDS

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Backed by the experience of more than a century, The Bank of America is prepared to render authentic reports on market and trade conditions, and to cooperate constructively with American business in marketing its products overseas.



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ESTABLISHED 1812
with which is merged

Franklin Trust Company

New York and Brooklyn

Your Banking Abroad

WE transact a general foreign and international banking business, with special facilities in connection with France and the French Colonies and Dependencies.

The following banks are associated with and own the entire capital stock of the French American Banking Corporation:

Comptoir National D'Escompte de Paris
National Bank of Commerce in New York
The First National Bank of Boston

Numerous branches and correspondents of these banks all over the world furnish a thorough equipment for foreign trade purposes.

FRENCH AMERICAN
BANKING CORPORATION

67-69 William Street, New York

the new American merchant marine and the Australian Government subsidized shipping line. But the obstacles are not considered by men who direct and speak for the private shipping enterprise of England, too great to be surmounted provided the industry is given a free footing to apply its own initiative to tonnage restoration and trade resumption.

The New Belgian Loan

ATTENTION HAS BEEN centered on Belgian finances recently owing to the presence in New York of two prominent Belgian bankers—M. Emile Francqui and M. F. Hankar, who came over to arrange for a new loan to liquidate the $50,000,000 acceptance credit which matures in June.

J. P. Morgan & Co. and the Guaranty Trust Company of New York, fiscal agents of the Belgian Government, announced June 1 that arrangements had been completed for a new loan to Belgium, the proceeds of which will be used to liquidate the $50,000,000 acceptance credit to that country which matures this month.

Under these arrangements the bankers will offer for subscription a $50,000,000 issue of twenty-five year 7½ per cent. sinking fund bonds at 97¼ and interest. These bonds will be dated June 1, 1920, and will be payable in gold at the rate of 115 per cent. of the principal sum on or before June 1,

On Your Trip Abroad
Use Our Banking Service

FROM the time of your arrival in England you will find the facilities of the Bank of British West Africa readily available. Branches fully equipped to meet your banking needs are maintained in the great shipping center of Liverpool; in Bradford, the heart of the wool trade; in Manchester, the home of Britain's cotton industry; and in the metropolis of London. Branches are also located in the historic cities of Cairo and Alexandria, Egypt; and throughout Morocco and West Africa.

Intending travelers through France and Belgium who desire to conduct their banking where English is freely spoken and understood are invited to make use of our service in those countries through the aid of our close connection with Lloyds and National Provincial Foreign Bank, Ltd., who maintain branches throughout those territories.

Letters of Credit and full information regarding our service may be obtained from our New York Agency upon request.

Bank of British West Africa

Head Office, London

New York Office—100 Beaver Street.

R. R. Appleby and Rowland Smith, Agents.

Subscribed Capital $10,000,000

Paid Up $4,000,000 *Surplus and Undivided Profits* $2,000,000

THE
FIRST NATIONAL BANK
of Boston

Capital, Surplus and Profits
$37,500,000

Deposits
$170,000,000

Resources
$260,000,000

1945. By the terms of the loan contract, Belgium agrees to pay to the sinking fund trustees in New York not less than $2,300,000 in United States gold coin on or before March 10, 1921, and the same amount each year thereafter until 1945. These annual payments will be applied to the redemption by lot of not less than $2,000,000 of the bonds at 115 and accrued interest. Through the operation of this sinking fund the entire issue will be retired by maturity at 115 per cent. The Belgian Government has also covenanted that if it issues in the future by public subscription any loan with a lien on any specific revenue or asset of the Kingdom, this present loan shall be secured ratably with it.

The yield on the bonds at the purchase price of 97¼ and accrued interest ranges from 24.89 per cent. on bonds called June 1, 1921, to 7.95 per cent. on bonds called June 1, 1945.

It is pointed out that the three per cent. Perpetual Bonds of Belgium sold in Brussels during the years 1901-1907 at prices which yielded not more than 3.15 per cent. In the years 1908-1912 they sold to yield not more than 4 per cent., and at the present time are selling in Brussels to yield approximately 4.90 per cent.

Interest on the new bonds will be payable on June 1 and December 1 of each year, principal, premium, and interest being payable in United States gold coin at the office of either J. P. Morgan & Co. or the Guaranty Trust Company of New York, without deduction for any Belgian taxes, present or future. The bonds will be issued in denominations of $1,000 and $500.

M. Francqui, who is Minister of State and director of the Societe Générale of Belgium, is well known in this country as the director of the Comité National, the organization through which Herbert Hoover's committee for Relief in Belgium worked in the occupied areas. He believes that Belgian industry will be completely

reëstablished by the end of the present year.

M. Francqui bases his belief regarding the future of Belgian industry on the percentage of production at the end of March, 1920, as compared with the figures for March, 1919, and upon the fact that Belgian factories have now been rebuilt to such an extend that complete restoration of industries depends solely upon the supply of coal. For the obtaining of this supply M. Francqui is more than hopeful.

"Belgium is making rapid strides in her recovery," said Mr. Francqui. "Already her collieries are not only up to but a little ahead of their 1913 output. Specifically they are producing 103 per cent. Before the war Belgium received annually 8,000,000 tons of coal for industrial purposes from Germany. By the terms of the treaty, Germany is required to furnish coal to Belgium, but so far Germany has not been able to do this, or at least she has not, but when the coal begins to come and the remaining factories are repaired, the Belgian industrial position will be again up to normal. This should be by December, 1920.

"Conditions with us are more favorable than in those countries where there is a greatly lessened output of coal and a very slow progress in industrial rehabilitation. In Belgium we are moving rapidly. The reason for this is our laborers are not Bolsheviks, they are not anarchists, they are not radicals; they are workers. We can rely on them right up to the opportunity afforded them. Our socialists are as loyal nationally as are our conservatives. In this situation Belgium has an asset of incomparable value. The strength and the credit of a nation rests upon the quality of its individuals. On this basis, where in history has there been a finer exhibition of stability than that in Belgium since the armistice?

"The result of all this is the daily increase of our commercial movement. Our exports to Holland, France, Italy and Germany surpass our imports. With England the balance has been practically reached. It is only with countries such as the United States, Canada and the Argentine where we are purchasing our food requirements that the commercial balance is still against us.

"But although Belgium is nearly on her feet and has reëntered the class of desirable commercial associates, she still has need of the financial assistance of the United States a little while longer."

M. Hankar is director of the National Bank of Belgium, and was in New York last autumn at the head of the Belgian Industrial Commission, which took part in the Atlantic City conferences.

"Our people are willing to stand these new levies," said M. Hankar in an interview, "although they will be rather a heavy burden for them to bear in view of the financial efforts everybody has made since the work of reparation was begun. To accomplish their appointed task, the Belgian people subscribed to loans of $2,500,000,000, which in proportion to population is comparable to an internal American loan of $37,500,000,000. The national public debt to-day is about $4,000,000,000 at pre-war rate of exchange. Balancing these are assets consisting of the repaired railroads, telephones, telegraph lines and canals, and also the $1,500,000,000 in the Reichsbank in Berlin, which the Germans have recognized as an obligation to Belgium and which will be repaid at par, that is, $1,500,000,000.

"The Belgian Government found the money necessary for the administration of its railways, telephone and telegraph lines, for the rebuilding of its industries and the conduct of its normal affairs, and has never overlooked the necessity of providing the interest on all loans. The ordinary budget before the war was nearly $100,000,000. The increase in the public debt and the various war charges have increased the total to between $300,000,000 and $400,000,000, but by the new arrangement of taxes we hope to be able to solve satisfactorily the enormous financial problem which this increase in budget presents."

At a dinner given in his honor by

National Bank of Commerce in New York

ESTABLISHED 1839

STATEMENT OF CONDITION

MAY 4, 1920

Resources		Liabilities	
Loans and Discounts	$310,188,068.87	Capital Paid up	$25,000,000,00
U.S.Certificates of Indebtedness	10,915,935.45	Surplus	25,000,000,00
Other Bonds and Securities	17,245,150.54	Undivided Profits	6,040,855,46
U. S. Bonds Borrowed	7,500,000.00	Deposits	318,378,399.83
Stock, Federal Reserve Bank	1,500,000.00	U. S. Bonds Borrowed	7,500,000,00
Banking House	4,000,000.00	Bills Payable and Rediscounts with Federal Reserve Bank	51,613,285.65
Cash, Exchanges and due from Federal Reserve Bank	86,783,323.31	Reserved for Taxes, etc...	3,254,150.96
Due from Banks and Bankers	5,659,146.44	Unearned Discount	2,135,733.99
Interest accrued	905,024.28	Letters of Credit and Acceptances	78,323,189.18
Customers' Liability under Letters of Credit and Acceptances	75,705,753.18	Other Liabilities	3,156,787.00
	$520,402,402.07		$520,402,402.07

NATIONAL BANK OF COMMERCE 1839 IN NEW YORK

J. P. Morgan, M. Francqui made the following address:

I will try tonight to explain to you as clearly as possible the situation of Belgium. To facilitate this I will divide my subject into five parts:—1. Conditions before the war. 2. The attitude taken by Belgium during the war. 3. The state in which the Germans left Belgium after the Armistice. 4. The means taken to restore our country. 5. The future.

1. Before the war Belgium occupied a most enviable position. Her commerce gave her a very prominent place among the world's trading nations. And, if proportion of population is considered, her industrial production suspassed that of all others. Her per capita wealth approached that of England. Nature had given Belgium, as it had given the United States, that greatest of all riches—coal. Thanks to this, and to a population the densest per square mile in the world, we were able to develop many industries—glass, cotton, linen and wool spinning, steel making, construction, etc. The revenue which came to her through these industries in the twenty years before the war permitted her to export enormous sums of capital, which were invested in enterprises of every sort—railways, tramways, and mines—in Canada, the Argentine, Brazil, China, Italy, Russia, Germany, France; in fact, everywhere.

The success of our enterprises, our prosperity, excited the envy of Germany, and when the moment came she did not hesitate to violate our territory.

2. One of the very first acts of the enemy was to demand the services of our working men, which, had they been given, would have released 800,000 Germans for the front line trenches. Then the Germans made tempting offers to our workmen, but these were flatly refused. Our men were determined to keep their honor. Then began the long period of unemployment and suffering, a period dark for us who had remained behind to direct affairs, but which was made considerably brighter by the arrival in our land of those gallant relief workers from the United States under the direction of Mr. Herbert Hoover. Through all the years of the war we struggled on as best we could. Then came another blow. When, in 1918, the great advancing movement of the Allied armies forced the Germans to withdraw, the German General Staff, because Belgians had never helped their cause, gave orders to destroy as they went.

3. Armistice Day found us facing grave problems. Two thousand kilometers of our railroads, 1,800 bridges, 600 kilometers of

Banco Nacional Ultramarino

(STATE BANK OF PORTUGUESE COLONIES.)

Fifty-six Years of International Banking

***Head Office:* LISBON**

Paid-Up Capital, Esc. 24,000,000 = $25,894,080.00

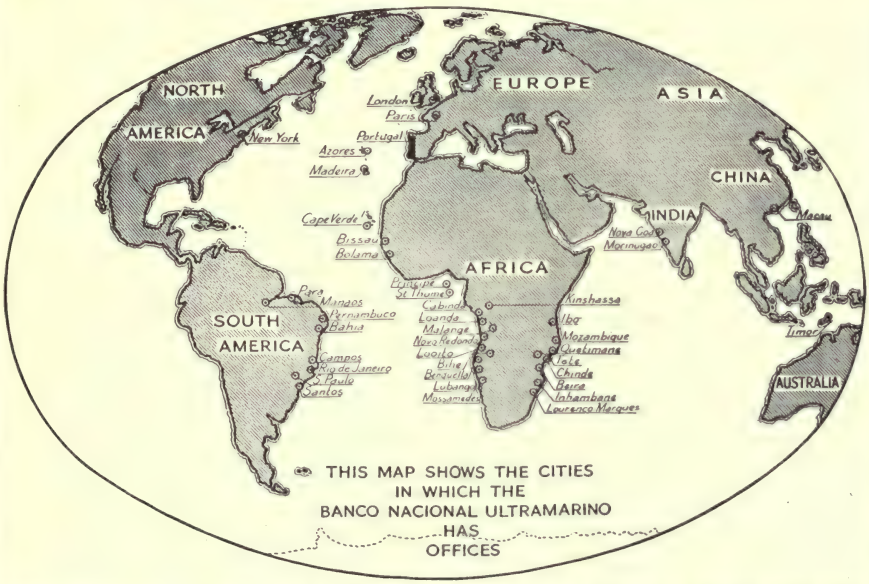
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LONDON—27B, Throgmorton Street, E. C.

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NEW YORK AGENCY, 93 Liberty Street

J. McCURRACH, *Agent*

London and River Plate Bank, Limited.

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Agency: MANCHESTER, 86 Cross Street

Paris Branch; 16 Rue Halevy. Antwerp Branch: 22 Place de Meir

Lisbon Branch: 32 Rua Aurea

	($5 £1.)
CAPITAL (Authorized) - - - - - -	$20,000,000
SUBSCRIBED CAPITAL - - - -	15,000,000
PAID-UP CAPITAL - - - - - -	10,200,000
RESERVE FUND - - - - - - -	10,500,000

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Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.
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Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, AGENT.

our canals, our telephones, our telegraph system, a third of our factories had been ruined. Sixty thousand railroad cars and 2,500 locomotives had been taken. Our public administration had been disorganized; the State Treasury was empty.

4. But, stimulated by our great King, encouraged by the example which America had given us, we set to work. To-day, after eighteen months of perseverance, we can say that all our railroads, our telegraph and telephone systems are almost entirely repaired, our canals are navigable and many industries have been revived. Already our coal production is not only up to but a little higher than in 1913—specifically in April it was 105 per cent. as compared with the pre-war output. Textile and wool production is gradually being restored to normal, having reached eighty per cent. of the pre-war output. Our plate glass works are in full operation; they have even reached the point of exporting. Each month sees an increase in our foreign glass shipments. Unfortunately, in our steel and construction plants the recovery is slower, for two reasons: first, some of them are not yet fully repaired, and others are unable to obtain industrial coal and coke.

Before the war Belgium imported annually eight million tons of coal for industrial purposes from Germany. By the terms of the Treaty Germany is required to furnish coal to Belgium to that amount, but so far Germany has not been able to do this—or at least, she has not: But when the coal begins to come and the remaining factories are repaired the Belgian industrial position will be up to normal again. This should be by the end of this year.

I wish to call especial attention to this remarkable condition and to give you the explanation of it. While in all the other European countries there is a greatly lessened output of coal and a very slow progress in industrial rehabilitation, in Belgium we are moving rapidly. The reason is that our laborers are not Bolshevists, not anarchists, not red radicals. They are working. We can rely on them to work right up to the opportunity afforded them.

The result of all this is the daily increase of our commercial movement. Our exports to Holland, France, Italy and Germany already surpass our imports; with England the balance is slowly but surely readjusting itself. It is only with countries such as the United States, Canada and the Argentine, where we are purchasing our food requirements, that the commercial balance is still against us.

I am personally convinced that before the end of this year we will export more goods from Belgium than we import. On

that day we will have no more need to appeal to the assistance of foreign financial markets, and if Germany pays us the indemnities which she is obligated to pay by virtue of the Treaty of Peace, we will find ourselves in a very favorable situation.

To accomplish what we have it was necessary to have large resources. Since the Armistice the Belgian government has raised within the country two and one-half billion dollars. Permit me to make here a comparison—keeping the population proportions in mind. If the United States had to make the same effort, its population being fifteen times greater than that of Belgium, it would need to raise thirty-seven and one-half billion dollars.

Our national public debt is to-day four billion dollars. Balancing this our assets include the railways, telephones, telegraphs and the canals, which belong to the State, and also one and one-half billions of dollars in the Reichsbank which the German Government has recognized by contract recently made, signed by the German and Belgian governments and which will be repaid in gold.

The Belgian Government, in providing internally for the budget to conduct all of these utilities, provided at the same time for interest on this debt. To explain this: Our ordinary budget before the war was nearly one hundred million dollars; the increase of the public debt and the various charges due to the war raised the total budget to between three and four hundred million dollars. The Government, to meet this situation of increased charges, has created new indirect taxes and the Parliament has voted an income tax sufficient to cover all the budgets. In other words, we are on a sound financial basis. There you have our situation of to-day.

5. The situation of to-morrow gives me no concern. Have we not in addition to our wealth of before the war, which will be fully restored to us with the return of normal production, the incalculable riches of our colonial possession, the Congo? In 1919 we exported from the Congo twenty-three thousand tons of copper from two mines which were only discovered in 1913 and which our engineers developed to their present capacity despite all the disadvantages incident to the war. Also, last year we exported ninety million francs of gold; one hundred million francs of diamonds; forty thousand tons of palm oil, besides cocoa and many other tropical products. Our ivory shipments were large, and we have had excellent results from the staple cotton which is now being produced there. We also have the prospect of added wealth in the discovery of industrial coal in the north of Belgium, given to us by our scientists just before the outbreak of the war.

All of these material resources prove a solvent nation. But there is yet a better asset, one that I can hardly mention without emotion. I mean the Belgian people. If our workmen had yielded, and if the eight hundred thousand Germans who were forced to remain behind the lines in occupation of our country had thus been free for use at the front, the war would have been prolonged at least another six or eight months. And at what a loss of life and treasure! How many of your American young men, to say nothing of fifty million dollars a day for your country alone?

But the Belgian people remembered their honor. If they had not done so what would have been the situation to-day? If the workers had yielded to the vile offers of the Germans, what would have been the result? Our country would not have been destroyed. We would have had wealth such as came to those countries which remained neutral, and more besides, because of our industries; and to-day we would have had an exchange strongly in our favor. But we kept our word and did not count the cost.

And we kept that energy which made our race what it was before the war, and we added to it the new courage, the new devotion, the new solidarity and the intense nationalism which grew out of our common suffering and our common triumph, which belongs to all of our people without distinction of class or condition, I ask you when in history has there been a finer proof of stability?

It is this people which comes to you now to ask, through me, assistance in meeting our only remaining unsolved problem—that of exchange, that we be permitted again to triumph in the struggle when industrial restoration has been completed. It is this people which, in seeking a loan, offers as security demonstrated integrity and magnificent material resources.

Conditions in Italy

GRANDE Ufficiale Angelo Pogliani and Commendatore Emilio L. Wirz, managing director and central manager, respectively, of Banca Italiana di Sconto, of Rome, arrived in New York on Sunday, May 16, on the Mauretania, for the purpose of making a first-hand survey of industrial and financial conditions in the United States, particularly as they may affect Italy.

In an authorized interview, Signor Pogliani said:

In opposition to the highly-colored, and frequently ill-founded, news spread broad-

The Union Bank of Manchester, Limited

Head Office
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and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

	($5=£)
Nominal Capital	**$12,500,000**
Paid-up Capital	**3,750,000**
Reserve Capital	**3,750,000**
Subscribed Capital	**7,500,000**
Reserves	**2,825,000**
Surplus over Liabilities	**10,325,000**

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

cast throughout the world, I consider the internal political situation of Italy at least not worse than elsewhere, including overseas countries, labor troubles being more or less universal in these days of unrest. Due to the highly democratic spirit of a country well known for its liberal institutions and ideas, Italy has heretofore been decidedly reluctant to initiate drastic measures in relation to its labor problem. But now concessions and conciliation toward the labor classes have reached the extreme limit; and the recent failure of the general strike in Turin may be accepted as an indication of the current tendency to put an end finally to continued unjustified demands on the part of labor. Furthermore, the labor elements themselves have begun to appreciate the danger of professional agitators getting the upper hand. Internal dissensions among the labor groups themselves are being made known day after day, which is no little sign that the workmen are beginning to see the true light.

Regarding the causes of labor unrest, I need scarcely point out that, apart from the general consequences of the war, the result of the Paris peace conference has been a great disappointment for Italy, in view of all the moral and material sufferings and sacrifices the country made for the mutual victory. This disappointment is reflected in the unrest among the various classes of the population.

The epidemic of strikes, short-lived in all instances, combined with the so-called "wave of idleness," has not prevented Italy from getting to work with renewed energy, surmounting numerous difficulties with the tenacity of which Italians throughout the world are now giving abundant proof. As an instance of this, I might mention that 1919 exports increased twenty per cent. to thirty per cent. in comparison with imports (the latter mainly raw materials), and the excess of imports over exports was reduced by about forty per cent. during the latter half of 1919.

The Italian merchant marine, which was reduced by the war to 150,000 tons, will be increased during the present half-year up to 2,250,000 tons by shipbuilding in Italian yards and purchases abroad.

Moreover, the general confidence of the people at home in the ability of the Government to eventually right conditions was manifested a few weeks ago by the great success of our latest internal loan. It will be remembered that France brought out a loan at about the same time at much more favorable terms than the Italian loan. Yet the subscriptions to the French loan totalled only about two-thirds of the amount subscribed to the Italian loan.



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Cartagena Medellín
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Honda Armenia
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PERU
BANCO MERCANTIL
AMERICANO DEL
PERU
Lima Arequipa Chiclayo
Callao Piura Trujillo

VENEZUELA
BANCO MERCANTIL
AMERICANO DE
CARACAS
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BRAZIL
AMERICAN MERCANTILE
BANK OF BRAZIL
Pará Pernambuco

NICARAGUA
NATIONAL BANK OF
NICARAGUA
Managua Bluefields
León Granada

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BANCO MERCANTIL
AMERICANO DE
CUBA
Havana Ciego de Avila

COSTA RICA
BANCO MERCANTIL
DE COSTA RICA
San José

HONDURAS
BANCO ATLANTIDA
La Ceiba Tegucigalpa
San Pedro Sula
Puerto Cortéz
Tela

Venezuela

American interests in Venezuela are served by our affiliate, the Banco Mercantil Americano de Caracas.

Venezuela, the nearest of South American countries to the United States, possesses great natural resources which, however, have not been fully developed.

Vast herds of cattle could be raised on the Venezuelan plains, which comprise an area of natural pasture exceeded only by the Argentine and Brazil.

The richness of the soil and variety of altitudes permit the cultivation of such diverse products as coffee and wheat.

Venezuela contains large deposits of gold, copper, iron, lead, asphalt, petroleum and coal.

An American bank, the Banco Mercantil Americano de Caracas and its three branches, is contributing to the development of the natural resources of Venezuela by extending credits for the exportation of her products and the importation of foreign merchandise.

The Mercantile Bank of the Americas gains through its affiliates the confidence and good will of the people of every country in which it operates by assisting them in their local enterprises. By doing so it establishes a point of contact between American and local interests.

Our booklet will be sent on request

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An American Bank for Foreign Trade

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FOREIGN EXCHANGE DEPARTMENT in charge of - - - A. O. Wilcox, Manager
DEPARTMENT OF ANALYSIS AND STATISTICS in charge of - J. S. Baley, Manager

The same may be said about the taxes, the country answering willingly to the call. After heavy taxes on war profits, a new tax on capital and a supplementary tax on incomes are actually coming out and are expected to yield over twenty billion lire in annual payments spread over a period of twenty years. Besides, a policy of strict economy in public service is strongly advocated, especially in relation to mliitary expenditures. In this connection about 300 generals and other officers of high rank were recently retired, which, it is quite plain, can hardly be reconciled with imperialistic aspirations on the part of the Kingdom.

The Italian budget appears roughly as follows, against a total indebtedness of ninety-three billion lire, which may reach one hundred billion lire:

	Billion Lire
Pre-war loans at 3% and 4%.....	18
War and recent loans at 5%.....	30
Treasury bonds	17
Circulating bank notes.....	15
Foreign war debt.....	20
Total	100

Twenty billion lire of the foregoing will be covered largely by the new taxes, so that the total of the internal indebtedness can be already considered as actually consolidated. There remains, therefore, only the foreign war debt of twenty billion lire, against which may be applied the war indemnities, not to speak of the increased resources to be expected from the accrued wealth of Italy from her redeemed territory.

An improvement in the exchange is highly desirable for the welfare of business relations between our two countries, the present prohibitive price for dollars being a serious bar to such an end; and you are certainly aware of the first rank taken by the United States in the matter of exports to Italy—seven and one-half billion in lire in 1919, more than three times that of England's exports to Italy. Unless you mean to consider the Italian market as a temporary field for your activity and to abandon it to others, you are bound to enter into financial agreement for providing Italy with raw materials, and in this respect the policy followed by Germany in pre-war times for foreign trade gives most valuable hints, of which England already seems to have taken advantage. Meanwhile, the low rate of lire exchange gives you for investment many high-yield opportunities which compare favorably with investments in any other European country of equal economic and political standing.

The most important factors for the solution of our exchange problem are, as you know, the foreign visitors and emigration.

With regard to the first, the number of tourists is increasing daily, and, at present, the canonization of Jeanne d'Arc is bringing thousands and thousands of pilgrims to Rome; also the emigration movement, which dropped from 880,000 in 1913 to about 20,000 in 1918, is assuming large proportions, Italian laborers being greatly required abroad, particularly in South America and in France for agricultural and mining works.

In a general way, the war has not brought the United States and Italy sufficiently together. The fraternity of arms which ought to have been followed by mutual assistance in peace has not transpired, and, therefore, there still remains a great task for our two countries.

You may be assured that for commercial and industrial enterprises, the United States is preferred to any other country, convinced as we are in Italy that political aims do not enter into your views, but we must know each other better. Personal relationships and visits to the spot are levers of unquestionable efficacy, and give one a sounder appreciation of the aspirations, needs, and mentality of a foreign country.

That is why you are cordially invited to come to Italy, where I shall be most happy to show you that, aside from unequalled inheritance of glorious antiquities, the present Italian generation has built up modern works in the field of business which can compete most favorably with the enterprises of older industrial countries in Europe.

Banca Italiana di Sconto, one of the leading financial institutions in Italy, now has about 150 branches spread throughout the Kingdom, as well as ten branches in foreign countries. It is the correspondent in Italy of the Italian Discount and Trust Company.

Mr. Pogliani has taken a prominent part in the remarkable banking, financial, and industrial activities which have recently been undertaken in Italy.

Banco Nacional Ultramarino

SPECIAL WORKING SHARES of stock of the Banco Nacional Ultramarino, Lisbon, have been granted free to the staff of that institution as a result of the latter's increasingly prosperous condition. This information, coupled with the announcement of an 8 per cent. third dividend for 1919, making a 20 per cent. total for the year, was contained in a cable dispatch received from London to-day by Joseph McCurrach, New York agent for the Banco Nacional Ultramarino. "This dividend," he states, "brings the average annual dividend for the entire 56 years of the bank's history to the high level of 6 per cent."

The complete message reads as follows:

"Board of Directors, Banco Nacional Ultramarino, at a general meeting, approved 8 per cent. third dividend for 1919, making 20 per cent. total for the year, after allowance for all possible bad, doubtful debts, losses, in every place where represented. Amount placed reserve fund more than three times amount last year. Also amount carried forward larger than ever. Special working shares granted free to staff."

The Banco Nacional Ultramarino, founded 1864, is one of the oldest and largest of international banks. The New York agency is in process of organization at 93 Liberty Street. Joseph McCurrach, who has been recently appointed to take charge of this office, commenting on the dispatch, said:

"Increased activity in all departments of foreign trade during the past fiscal year, and greater facilities on the part of the bank to finance commerce, is no doubt partially responsible for the substantial growth of the Banco Nacional Ultramarino. The branches of this bank extend to all the important markets of the world, and they likewise cover the more promising virgin territory. Its facilities embrace 26 branches in Portugal, 15 in West Africa, 8 in East Africa, 9 in Brazil, 2 in the Azores and others in England, France, India, China, Timor, Madeira and the Belgian Congo. The New York agency is being established to make these extensive facilities directly available to American merchants and manufacturers."

International Banking Notes

The Banque Industrielle de Chine has opened an agency at 27 Pine street, New York, for general business. This bank was established in 1913, with head office in Paris and a central office in Peking, China. It

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President
RAFAEL MORENO, Secretary
D. GARCIA, Cashier
P. J. CAMPOS, Chief Foreign Dept.

($0.50 = 1 peso)

Capital fully paid-up . . . (pesos) 6,750,000.00

Reserve Funds 4,250,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.
Spain: Banco Hispano Americano
Hongkong: Netherland India Com'l Bank
San Francisco: Wells Fargo Nevada Nat'l Bank
New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.
Paris; Comptoir Nat'l d'Escompte
Australia: Bank of New South Wales
Shanghai: Bank of Canton, Ltd.
Chicago: Continental & Commercial Nat'l Bank
Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

has branches in Europe, China, Indo-China, Straits Settlements, Japan, Siberia, Manchuria and the United States.

The New York agent of the bank is O. J. Thomen. The Banque Industrielle de Chine has taken over all of the foreign exchange business of Redmond & Co., together with the American and Chinese staff of their foreign exchange department. A branch office of this bank has also recently been opened in Yokohama, Japan, making the twenty-second branch to be opened.

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The British Overseas Bank, Ltd., London, now has an issued share capital of 200,000 "A" ordinary shares of £5 each and 200,000 "B" ordinary shares of the same par value, both full paid, making a total paid-in capital of £2,000,000. The "B" ordinary shares of £1,000,000 have been subscribed for by the following banks: Anglo-South American Bank, Ltd., London; Dominion Bank, Toronto; Glynn, Mills, Currie & Co., London; Charles Hoare & Co. London; Imperial Ottoman Bank, London; Northern Banking Co., Ltd., Belfast; Union Bank of Scotland, Ltd., Glasgow; Williams Deacon's Bank, Ltd., Manchester. The governing council of the bank is composed of some of the most prominent bankers in London. The Overseas Bank has an affiliated institution in Poland, the Anglo-Polish Bank, Ltd., in Warsaw.

———o———

An industrial bank for the development of Spanish industries has been formed by the Government, which will furnish eighty per cent. of the capital, the remainder to be provided by more than 100 Spanish banking institutions. The object of the new bank is to grant loans for the purpose of starting construction work, mines and railroads, opening new sources of trade and preventing them from falling into the hands of foreigners.

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The Banco Nacional Ultramarino of Lisbon, Portugal, has been licensed to maintain an agency in New York at 91 Liberty street.

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The Banca Commerciale Italiana, the head office of which is in Milan, had total resources on December 31, 1919, amounting to $1,697,232,207.26, according to a statement recently issued. On this date capital was $52,000,000.

Our Service to Banks and Bankers

COLLECTIONS: A special division of our Foreign Department, modernly equipped, will effect collection of clean or documentary bills on any place in the country. Our terms cheerfully furnished upon request.

LETTERS OF CREDIT: Banks or Bankers desiring to issue Letters of Credit payable in Cuba are invited to correspond with us and we will arrange for cashing same at our Head Office or at any of our 90 branches, FREE OF COMMISSION.

TRAVELERS AND REPRESENTATIVES: When recommended to us by any American Bank or Banker will be introduced to Cuban Importers and merchants dealing in their line. We have a COMMERCIAL DEPARTMENT specially adapted for this service.

CREDIT INFORMATION: Our INFORMATION DEPARTMENT will furnish reliable data regarding the financial standing and character of Cuban firms. This service is FREE to Banks and Bankers doing business with us.

We Cordially Invite Your Correspondence

Banco Internacional de Cuba

Foreign Department

Head Office, Havana, Cuba

In addition to this amount the bank had a surplus fund required by law amounting to $10,400,000 and an additional surplus not required by law amounting to $12,791,250. Undivided profits were $8,996,247.22. Deposits and current accounts amounted to $758,603,597.99.

The bank has branches throughout Italy and affiliations in France, Austria, Argentine, Brazil, Switzerland, Belgium, Bulgaria, Peru, Chile and the Far East. Besides this it has branches in London and Constantinople and a New York agency at 165 Broadway, under the direction of the following agents: Guido Pedrazzini, John Stewart Durland, Siro Fusi, Edoardo Roffi, Ernesto Gamper, F. Saroli.

———o———

Den Danske Landmandsbank of Copenhagen had total assets on December 31, 1919, of Kr. 1,419,308,674.61. The bank has a capital of Kr. 100,000,000 and a reserve of Kr. 45,000,000. In 1919 a twelve per cent. dividend was declared.

———o———

The directors of the British Linen Bank have submitted their report showing net profits of £307,215 for the year ended January 15, 1920, after providing for bad and doubtful debts, interest due customers and rebate on bills. The balance from the previous year to be added to this is £67,251, making a total of £374,467. This sum was appropriated as follows:

Payment of the half-year dividend in September last at the rate of sixteen per cent. per annum (less income tax)	£70,000
In reduction of bank premises and other property	10,000
For depreciation in investments	176,085
Payment of the second half-year dividend on March 15, at the rate of sixteen per cent. per annum (less income tax)	70,000
Carried forward	48,381

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The annual report of the Aktiebolaget Svenska Handelsbanken, of Stockholm, for the year 1919 shows net profits of Kr. 31,574,253. To this is added the balance from the previous year of Kr. 3,701,297, making a total of Kr. 35,275,550, which was appropriated as follows:

	Kr.
A five per cent. dividend on the original capital which has already been paid to the shareholders	4,035,430
An additional dividend of sixteen per cent.	12,913,376
To be set aside as taxation reserve	7,000,000
To be carried to a del credere account	8,000,000
Carried forward	3,326,744

The British Overseas Bank, Ltd., having only opened for business last September, has not yet made a yearly report. But for the months it has been in operation out of receipts of £1,702,618 the following appropriations have been made:

Preliminary expenses (including Underwriting Commission, £15,000)	£37,349
Cost of leasehold premises	6,000
General expenditures	2,750
Payments in ordinary course of business	510,926
Unexpended balance	1,145,592

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The half-yearly report, ending September 29, 1919, of the directors of the Western Australian Bank shows a net profit after providing for bad and doubtful debts, for rebate on discounted bills current, interest on deposits, and all expenses of management amounting to £29,950. The balance from the previous year of £28,020 makes a total available sum of £57,970. This is to be appropriated as follows:

A dividend of £1 per share, free of dividend duty	£25,000
To be carried forward	32,970

The reserve fund is now £700,000 and adding to it reserve profits of £32,970 the total reserve is £732,970.

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The Commonwealth Bank of Australia reports a net profit for the half-year, ending December 31, 1919, of £440,530. £220,265 of this sum has been added to the reserve fund and the remaining £220,265 goes to the redemption fund.

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The National Bank of India, Ltd., reports net profits of £452,169 for the year ended December 31, 1919, after providing for all bad and doubtful debts. Added to this is the balance of £123,464, which makes an available total of £575,633. This has been appropriated as follows:

An ad interim dividend at the rate of twenty per cent. per annum, for the half-year ending June 30.	£100,000
A further dividend at the same rate	150,000
An addition to reserve fund	150,000
To house property account	20,000
To officers' pension fund	20,000
Carried forward	135,633

———o———

The directors of the Bank of Scotland report a net profit of £373,333 for the year ended February 28, 1920, after making provision for writing down investments, providing for bad and doubtful debts, allowing rebate for interest, paying all expenses, and including a special bonus to the staff. The balance from the last year of £53,612 is in-

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Christiania, Norway

Paid up capital of 8 Million Kroner

Makes American business a specialty and offers its services to banks and bankers in the United States of America.

cluded in this amount. This sum has been appropriated as follows:

In reduction of bank premises account	£10,000
To depreciation in investments	160,000
In payment of half-yearly dividend in October last at the rate of sixteen per cent. per annum (less income tax)	74,200
A dividend for the past half-year at the same rate payable April 15	74,200
To be carried forward	54,933

The annual report of the directors of the Eastern Bank, Ltd., for the year ended December 31, 1919, shows a net profit of £122,451 which sum includes the balance of the previous year. This has been appropriated as follows:

An interim dividend at the rate of 3s per share, paid in October last	£22,500
A final dividend of 4s per share (less income tax)	30,000
Reserve fund	40,000
Carried forward	29,951

The report of the directors of the Manchester and County Bank, Ltd., shows a net profit for the year ended December 31, 1919, after making provision for bad and doubtful debts and payment of all expenses, amounting to £240,371, to which must be added the balance of £66,052. The total of £306,424 was appropriated as follows:

To pay an interim dividend in July last	£81,903
To write down investments	70,000
To pay a dividend of six shillings per share subject to deduction of income tax	81,903
To be carried forward	72,618

The directors of the National Provincial and Union Bank of England, Ltd., report that after making provision for all bad and doubtful debts, and rebate of discount on current bills, the profits, including £487,317 brought forward, amount to £2,752,801, which has been appropriated as follows:

Interim dividend of eight per cent (less income tax) paid in August last	£497,393
A further dividend of eight per cent. (less income tax), payable 6th proximo	624,549
Transferred to reserve fund	500,000
Transferred to pension fund	350,000
Placed to contingencies	150,000
Balance carried forward to 1920	630,858

The profits of the Bank of Chosen for the year ended December 31, 1919, after deducting expenses, providing for interest on deposits, rebate on bills, and for all bad and doubtful debts, amounted to Yen 2,463,824.51, to which has to be added the balance from the previous half-year, Yen 412,208.56, making a total of Yen 2,876,033.07, which it is proposed to appropriate as follows:

	Yen
Dividend at six per cent per annum on old shares	600,000.00
Dividend at six per cent. per annum on new shares	402,739.72
Additional dividend at three per cent. per annum on old shares.	300,000.00
Additional dividend at three per cent. per annum of new shares	201,369.86
Reserve fund to provide for losses	700,000.00
Reserve fund to equalize dividends	60,000.00
Bonus and allowances	100,000.00
Payment to Government	55,981.30
Balance carried forward to next half-year	455,942.19

The report of the Chartered Bank of India, Australia and China submitted by the directors for the year ended December 31, 1919, shows a net profit of £576,482 after providing for all bad and doubtful debts and including £157,261 brought forward

Aktiebolaget Svenska Handelsbanken

The Swedish Bank of Commerce

HEAD OFFICE: Stockholm

Capital Paid Up	Kr.	80,708,600
Reserve	Kr.	100,268,609
Resources	Kr.	1,465,379,430

With branches throughout Sweden this bank is fully equipped to handle the Swedish business of American banks

from the previous year. The sum has been appropriated as follows:

To interim dividend at June 30, 1918	£84,000
To balance proposed to be dealt with as follows:	
Dividend, at the rate of fourteen per cent. per annum, for the half-year to date	84,000
Bonus of 25s. per share	75,000
Reserve fund	100,000
Officers' superannuation fund	25,000
Bank premises	40,000
Carried forward to profit and loss new account	168,482

—o—

The directors of the London County Westminster and Parr's Bank, Ltd., have reported net profits for the year ended December 31, 1919, amounting to £2,455,007, after paying interest to customers and all charges, making provision for bad debts and contingencies, allowing £300,346 for rebate on bills not due. To this must be added the sum of £377,560, the balance brought forward from 1918, leaving the available sum of £2,832,567, which has been appropriated as follows:

Interim dividend of ten per cent. (less income tax) paid in August last on the £20 shares (£5 paid up)	£494,969
A further dividend of ten per cent. (less income tax) making twenty per cent. for the year on the £20 shares (£5 paid up)	494,969
A dividend of 6¼ per cent. on the £1 shares (less income tax)	62,681
To investment depreciation	1,000,000
To bank premises account	100,000
To the bank War Memorial fund (in accordance with resolution of general meeting, January 30, 1919)	100,000
To reserve	165,720
Balance carried forward	414,226

—o—

The annual report of the directors of the Société de Banque Suisse for the year 1919 shows a net profit of Fr. 13,075,884 after allowing for necessary payments and bad and doubtful debts. After adding to this the balance of the previous year there is the available sum of Fr. 14,527,372. The directors proposed that the money be appropriated as follows:

	Fr.
An extra allowance to the pension fund	2,000,000
A dividend of five per cent. on the capital	5,000,000
An extra dividend of four per cent., making a total of nine per cent. for the year	4,000,000
Reserve fund held by the directors	607,588
Balance carried forward	2,919,783

—o—

The Mercantile Bank of the Americas has announced the opening to-day of an office at Piura, Peru. This is the sixth branch of its affiliate, the Banco Mercantil Americano del Peru, to be opened in that country.

—o—

Coincident with the sending of a committee to Paris this month to represent the American Bankers Association, President Richard S. Hawes of the A. B. A. is also sounding out European banking sentiment as to the formation of an International Bankers Association. Letters have been sent British, Italian, Norwegian, Swedish, Swiss, Dutch, French, Spanish and German bankers.

The communication to the foreign bankers says in part:

"The time seems opportune for discussion of conditions between international bankers and the holding of a conference at some later date possibly coincidently with the meeting of the American Bankers Association, in Washington, D. C., October 18, out of which conference, in our judgment, may come a very satisfactory organization which might properly be called "The International Bankers Association," composed of delegates from the various bankers associations of the world—they to consult and confer from

time to time on matters of importance pertaining to world's trade."

Members of the committee, headed by Festus J. Wade of St. Louis, who go to Paris in June to assist in forming an International Chamber of Commerce, have been requested to get in touch with as many as possible of the European bankers while abroad to ascertain their sentiment on such an organization.

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The Skandinaviska Kreditaktiebolaget of Goteborg and Stockholm has cabled Brown Brothers & Co., their New York correspondent, to the effect that a dividend for 1919 at the rate of 21.12 per cent. has been declared. Since 1914 the deposits current accounts of this institution, the largest in Sweden, have risen from Kroner 250,364,094 to Kroner 961,050,921. On December 31, 1919, the paid-up capital and reserves of the Skandinaviska Kreditaktiebolaget were Kroner 182,000,000.

———o———

The National City Bank, of New York, opened its Madrid branch in the most modern bank building in Spain recently. A large number of officials and leaders in the commercial life of Madrid attended the opening.

———o———

It is a year ago that the famous aviator Jules Vedrines met his death in trying to accomplish his first voyage by aeroplane from Paris to Rome.

Jules Vedrines was popular throughout the world for his audacity, courage and his exceptional qualities.

He certainly was one of the most active and best mechanics in the victory of the air. Vedrines liked America very much and showed great sympathy for its inhabitants. He hoped to attempt flying round the five parts of the globe (130,000 kilom.) and he wanted to visit all the big towns of the continent.

The unfortunate champion of the air has left an old mother (aged 71) a widow and four children (aged 10, 8, 7 and 5) and it is for their help that a committee has been founded which is patronized by members of the French Government and the notability of all the big nations, in order that we could provide for the needs of the family and to erect a monument in the place from which the celebrated Jules Vedrines started for his tragic flight.

The headquarters of the committee for the subscription to the monument of Jules Vedrines, is situated at 93 Boulevard Beaumarchais, Paris. The subscriptions (mandate or cheque) are to be addressed to the treasurer, Monsieur Georges Labastie, 7 Place de la Bastille (Paris IV) France.

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The Rio de Janeiro branch of the American Foreign Banking Corporation has issued a booklet giving the consular invoice regulations covering shipments of goods to Brazil.

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"The Philippines of Today" is the title of a little booklet which has been issued by the American offices of the Bureau of Commerce and Industry of the Philippine Islands. The booklet gives complete data and statistics as to the government climate and industry of the Islands.

The Bureau of Commerce and Industry of the Philippine Islands maintains offices in the Grand Central Palace in New York and in the Merchants Exchange Building in San Francisco.

———o———

The National City Bank of New York has announced that its branch at Ponce, Porto Rico, opened for business recently. The branch is the second established by the bank in Porto Rico. Throughout the entire Caribbean region the City Bank and the International Banking Corporation together now have a total of thirty-nine branches.

Banking and Financial Industry

SPECIAL The BANKERS MAGAZINE SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL - - - - $5,000,000.00
SURPLUS - - - - 5,000,000.00
UNDIVIDED PROFITS 2,100,000.00

OFFICERS

HARVEY D. GIBSON	President
DANIEL G. REID	Vice President
ALEXANDER V. OSTROM	Vice President
CHARLES W. RIECKS	Vice President
ERNEST STAUFFEN, Jr.	Vice President
JOSEPH A. BOWER	Vice President
BENJAMIN E. SMYTHE	Vice President
JAMES G. BLAINE, Jr.	Vice President
JOSEPH S. MAXWELL	Vice President
GEORGE MURNANE	Vice President
SIDNEY W. NOYES	Vice President
MAURICE F. BAYARD	Vice President
FREDERICK W. WALZ	Cashier
FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
RAYMOND G. FORBES	Assistant Cashier
DANFORTH CARDOZO	Assistant Cashier
EDWARD J. WHALEN	Assistant Cashier

When You Build That New Home for Your Bank

You will require the services of a competent bank architect and equipment engineer who can provide you with a distinctively modern building, with first class equipment throughout and absolute security in vault work. Convincing evidence that we furnish complete service of this character is shown by the fact that we have been selected by the following banks among many others:

Hibernia Bank & Trust Company, New Orleans, La.
Seaboard National Bank, New York
National Bank of Commerce, New York
Asia Banking Corporation, New York
Mercantile Trust Company, New York
American Exchange National Bank, Dallas, Texas
Charlotte National Bank, Charlotte, N. C.
First National Bank, Jersey City, N. J.
Greenwich Trust Company, Greenwich, Conn.
Colonial Trust Company, Philadelphia, Pa.
Titusville Trust Company, Titusville, Pa.
First National Bank, Richmond, Va.
Virginia Trust Company, Richmond, Va.
Planters National Bank, Richmond, Va.
Lynchburg National Bank, Lynchburg, Va.

We shall be pleased to make suggestions regarding the most efficient and economical methods of meeting your requirements without obligation on your part.

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York

The Bank of America



Original Building of the Bank of America—1812

THE merger of the Franklin Trust Company with The Bank of America which became effective at the close of business May 1, 1920, brings into prominence one of New York's oldest and most interesting banking institutions. To find the beginning of the story of The Bank of America one must go back to the earliest days of the history of the nation, for its progenitor was the first bank of the United States. It was to succeed the New York branch of this bank that The Bank of America was organized in 1812.

The promoters of The Bank of America had been stockholders in the old Bank of the United States. Some of them had been directors. They believed that The Bank of America would become a leading institution in the country and they intended that it should draw to itself at least half the capital of the old Bank of the United States with a corresponding amount of its business.

Opposition to the incorporation of The Bank of America was bitter, and a long fight followed, which in spite of political intrigue was at last successful. Among the signers of the petition for the new bank's charter were names of many men prominent in New York's early history. Among them were those of Silvanus Jenkins, whose son later became the president of the bank; George Griswold, 9 Wall Street; N. L. Griswold, 86 South Street; George Newbold, 282 Pearl Street; Jacob Barker, 84 South Street; Preserved Fish, 400 Water Street; Thomas Buckley, 339 Pearl Street; Henry Ward, 55 Wall Street; Stephen Whitney, 19 South Street; John F. Delaplaine, 73 South Street; and Boonen Graves, 44 John Street.

In the petition attention was called to the importance of keeping in the State of New York that portion of the capital of the old bank employed by the New York branch. They suggested that as much as possible of the remaining capital should be attracted to the State. They said that jealousy of the great State of New York existed in other states and it was predicted that attempts would be made to draw the capital of the old Bank of the United States to new banks being incorporated for that purpose elsewhere.

The bill incorporating The Bank of America was finally passed on May 23, 1812, after considerable opposition in the State Senate had finally been overcome. The charter under which the bank commenced business stated that the corporate name should be "The President, Directors and Company of The Bank of America." It provided that the capital stock should be $6,000,000. Two of the directors were to be appointed by the governor. The bank was to pay the State $600,000 in six equal installments. $400,000 of this sum was to be devoted to the support of public schools, $100,000 to the improvement of roads and navigation, $100,000 to the encouragement of literature. The Bank of America was to lend the State $1,000,000 at 5 per cent., and also $1,000,000 at 6 per cent.

The subscription books were opened on June 16, 1812, at the home of Jonathan Burrall, the first cashier. A notice issued at this time stated that "subscriptions for $5,000,000 of the stock will be received only from stockholders of the old Bank of the United States, who will be allowed to subscribe for four shares of stock in The Bank of America for each share which they hold in the Bank of the United States, and which they are willing to assign to The Bank of America, together with the dividends (in liquidation) already paid thereon. Said United



THE SECOND BUILDING OF THE BANK OF AMERICA.

States Bank stocks and dividends are to be assigned at the time of subscription. All dividends are to be applied towards the payment of subscriptions until the sum of $100 has been paid for each share subscribed for, and any excess is to be returned to subscribers. Subscription for the remaining $1,000,000 will be received from the public generally."

The first officers of The Bank of America, including some of the most noted men of their day in New York, were: President, Oliver Wolcott, cashier, Jonathan Burrall; directors, Oliver Wolcott, William Bayard, Arthur Smith, George Griswold, Thomas Buckley, Abraham Barker, Theodorus Bailey, John T. Lawrence, John T. Champlin, John De Peyster, Philip Hone, Preserved Fish, Stephen Whitney, Archibald Gracie, Patrick G. Hildreth, Elisha Leavenworth, Josiah Ogden Hoffman, Henry Post, Jr.

Both William Bayard and Archibald Gracie had been directors in the old Bank of the United States.

Oliver Wolcott, the first president of The Bank of America, was the son of Oliver Wolcott, a signer of the Declaration of Independence. He was born in 1760 in Connecticut, of which state his

father had been governor. At the beginning of Washington's administration in 1789, he was appointed Auditor of the United States Treasury, at a salary of $1,500 a year. He was Comptroller of the Treasury from 1791-95 and from 1795 until about 1800 he was Secretary of the Treasury. In the latter year he was appointed a judge of the United States Circuit Court. Two years later, in 1802, he removed to New York, where he established the firm of Oliver Wolcott & Company, doing business at 52 Pine Street. The next year (1803) the Merchants Bank was founded, and Oliver Wolcott was the first president, remaining in office until 1804. Mr. Wolcott established a large manufacturing business in Wolcottville, Connecticut, in which State he eventually located and was twice elected governor.

Jonathan Burrall, first cashier of The Bank of America, was cashier of the old Bank of the United States during the whole period that it existed—from 1791 until 1811.

At the time of the incorporation of The Bank of America, Wall Street was the centre of the banking interests of the city, the five banks which had existed before it received its charter being located close together on the street. In 1812 the bank occupied the house of Francis Bayard Winthrop at the northwest corner of Wall and William Streets. For more than a century it has occupied this corner. In the summer of 1822 yellow fever broke out in Rector Street and the bank moved its offices to Greenwich Village for several months. A yearly rental of about $2,000 was paid for the house of Francis Bayard Winthrop from 1812 until 1831, when the heirs of Mr. Winthrop sold the property, including a piece of land fronting William Street to The Bank of America for $70,000. The second building, occupied by the bank for fifty-two years, was built on this enlarged plot. The tract was further increased by the purchase of the Bank of North America property adjoining on Wall Street. The present building was erected in 1889.

During the presidency of Andrew Jackson The Bank of America was one of the three state banks in New York selected as a depository of public funds and it continued to be a deposit bank until the United States Sub-treasury Building at the corner of Wall and Nassau Streets was ready for use. For many years The Bank of America was made the depository of the gold of the New York banks that were desirous of securing the issue of gold certificates by a responsible bank, to be used in place of gold coin for the settlement of their daily balances. At one time it had nearly fifty million dollars in gold in its custody.

Though The Bank of America began with an authorized capital of $6,000,000 the financial pressure of the War of 1812 caused the directors to reduce this amount to $4,000,000. This reduction was provided for by a special act of the legislature in 1813, which reduced also the respective amounts to be paid and to be loaned to the State to $100,000 and $1,000,000 at 6 per cent. Subsequently it was further reduced to $2,000,000 paid in and in 1857 the capital was increased to $3,000,000. In 1895 a reduction to $1,500,000 was effected, the stockholders receiving in cash the par value of the amount retired, $1,500,000.

The original charter expired in 1832, from which year it was extended to 1853. From this time the business was continued under the general banking law of the State which had been enacted in the meantime, a certificate of association being obtained on December 27, 1852. This document stated that the name of the association should be "The Bank of America." The capital stock was fixed at $2,000,000 and the date of the termination of the certificate was placed at January 1, 1953.

The fact that The Bank of America has successfully weathered the many financial storms and commercial vicissitudes since the War of 1812 is ample proof of the sound judgment of the men who have had charge of its administration. The merger of the Franklin Trust Company is thoroughly consistent



THE PRESENT BUILDING OF THE BANK OF AMERICA.

with the bank's tradition of sound progress.

The Franklin Trust Company which was founded in 1888, was one of the most important banking institutions in Brooklyn. The office at 166 Montague Street was in its own building, built in 1892. Other offices in Brooklyn were located at 1001 Wallabout Market and at 569 Fulton Street. Manhattan offices were located at 46 Wall Street and at Madison Avenue and 40th Street.

In this connection it is interesting to note that the Franklin Trust Company had been located for years on the first floor of The Bank of America's building at 46 Wall Street. Now that the two institutions are merged, both first and second floors form the head office of the institution, the first floor being

used as the trust department and the second floor as the general banking office.

Edwin Packard was the first president. He was succeeded in turn by George H. Southard, Arthur King Wood and Edward C. Delafield, who is now president of The Bank of America.

The merger gives The Bank of America the advantage of the Franklin Trust Company's very well organized trust department and also of its industrial department which was the second department of this character to be organized in greater New York.

The purpose of the industrial department is "to give to the bank's customers practical co-operation on all matters pertaining to business efficiency and industrial management, to inspect plants and offices and to render outside and experienced judgment, to suggest layouts for operation, to make audits, examinations and appraisals, to advise in financing, to determine by survey of conditions peculiar to each industry the necessity for additional permanent capital, proportionate to the growth and needs of the business, to establish contact between capital and opportunity, to act as a clearing house for new ideas, to supplement and reinforce the work of the credit department and to make complete reports on companies desiring new financing, in short to act as general practitioner and diagnostician in the financial end of industrial matters." Customers of The Bank of America will now have the advantage of the very valuable services of this department.

The trust department of the Franklin Trust Company has had years of experience with all classes of business and is equipped to handle any operation of a fiduciary nature. The bank controls the Franklin Safe Deposit Company with vaults in the Wall Street, Madison Avenue and Montague Street offices.

It will be seen, therefore, that the merged institutions are well organized to offer every kind of banking service, and will also constitute a sort of financial Brooklyn bridge linking up the business interests of Brooklyn and Manhattan.

The plan of reorganization involved an increase in the capital of The Bank of America from $1,500,000 to $5,500,000 by the declaration of a stock dividend of 200 per cent. and the issue of $1,000,000 new stock in exchange for the stock of the Franklin Trust Company. The number of directors has been increased from nine to twenty-two.

William H. Perkins, formerly president of The Bank of America, has been made chairman of the board and Edward C. Delafield, formerly president of the Franklin Trust Company, has been made president. All of the officers of both banks have been retained.

The offices of the bank are now located as follows: Manhattan: 46 Wall Street, Madison Avenue and 40th Street; Brooklyn: 166 Montague Street; 569 Fulton Street; 1001 Wallabout Market. An office in the Bush Terminal at Third Avenue and 35th Street, Brooklyn, was opened on May 17.



Security, Trust and Transfer Departments, Irving National Bank, New York City



Domestic Bookkeeping Department, National City Bank, New York City

Taking the Noise Out of Banking

"NO! I've nothing to complain about the way I was treated at the ———— Bank. The pay was very liberal, the hours were not long, the officers were always kind and considerate. But the noise! I think my nerves are as good as the next person's, but at the end of a day's work in the midst of that incessant clatter I was really just about finished! No, my present job doesn't pay nearly so well, but I'm working in a semi-private office and at the end of a day's work I feel like starting all over again."

This remark made by a stenographer who had given up a lucrative position in a bank to take an inferior one in a small office is typical of the importance of working conditions in a modern bank. Bonuses and high pay are not the only factors that make for the contentment and stability of employees. Unless the surroundings and conditions of work are reasonably pleasant, there is sure to be a loss of efficiency and an expensive rate of labor turnover. In some banks the rate of labor turnover is almost as high as in some manufacturing plants which means a constant influx of new employees who have to be trained and who often leave shortly after they become really productive.

Most of the working conditions in banks are favorable and make this class of employment extremely attractive. The hours are reasonably short, the pay is good, the work is clean and highly respectable and in most banks everything possible is done to provide for the comfort and contentment of employees. But there is one disagreeable feature to the work which is an important factor in causing discontentment and impaired efficiency and that is noise.

In banks most of the clerical work has to be done in large open rooms where a number of people engage in various operations which in the aggregate cause a clatter which is highly exasperating to high strung nerves and produces a fatigue, more or less unconscious, in even the most phlegmatic individuals. In fact, industrial engineers and efficiency experts have estimated that noise reduces efficiency from 5 to 10 per cent. Nerve specialists assign much of the neurotic ailments which are now so prevalent to the constant irritation of the noises which accompany our modern civilization and city life.

In these days when increased production is a crying national and world need, it is important that bankers should give careful attention to every plan or methods which will serve to increase the efficiency of employees. That the elimination of noise would contribute to this desired result is beyond dispute. The only question is, "how may this be done?"

A number of banks and large offices have recently solved this problem by installing a system of noise elimination which has been found extremely effective and which has produced results, which have seemed highly beneficial. This system is known as the "No-Nois treatment" and has been installed by Junius H. Stone of New York.

The student of acoustics will tell you that the sound waves produced by any given noise radiate with equal force in all directions and continue until they are absorbed. In a modern office where the walls and ceiling are finished in hard unyielding plaster the sound waves are reflected and highly accentuated, so that sounds produced in any part of the room are deflected by the walls and ceiling so as to permeate the entire room. The same principle is involved when a train passes through a tunnel. No more noise is produced than in the open, but the walls of the tunnel echo and reecho the sound so that to the passenger it seems infinitely louder than riding in the open.

The No-Nois Treatment consists in neutralizing the effect of the hard sound-reflecting surfaces of a room by installing a surface material which will absorb sound rather than reflect it. After much experimentation it was found that felt is the most efficient sound-absorbing material known. A specially prepared No-Nois felt one inch thick



Trading Division, Irving National Bank, New York City



Credit Department, Irving National Bank, New York City



Norton, Lilly and Company, New York City

is applied directly against the surface to be treated and one inch from this a special cloth membrane is tightly stretched. This cloth is then painted with a special "flexolite" paint which is the only paint that can be used since all others destroy the sound-absorbing qualities of the treatment. Once this treatment is applied (generally to the ceiling only) an immediate contrast is apparent between the noise which prevailed in the room before and the muffled quiet which is found afterwards. The appearance of the room, however, is not changed in any way as the cloth when it is painted resembles the ordinary plastered ceiling.

This method itself is not new and has long been used for correcting the acoustic properties of auditoriums, court-rooms, theatres, etc., but certain technical developments have been necessary in order to adapt the treatment to successful use in offices on a large scale. In particular, it has been necessary to produce a paint meeting the peculiar requirements of this class of work, and meeting at the same time the standards of modern lighting efficiency. Due largely to the efforts of George C. Hannam, M. E., a prominent consulting acoustical expert, now associated with Junius H. Stone of New York, the technique of application of the science has been perfected to a point which indicates that the transformation of noisy offices into quiet ones will rapidly develop on a large scale.

One of the striking effects of the No-Nois Treatment in offices is to localize sound disturbances. In the credit department of The Irving National Bank, for example, it was remarked by one of the executives that a group of



Marine Office of America, New York City



Main Banking Room, Spencer Trask apd Co., New York City

some 25 typists who were working within 50 feet of him seemed to have been removed a distance of "miles," as he put it.

In the First National Bank in New Haven the noise from the bookkeeping machines in the rear of the banking room was a source of annoyance all over the banking floor. It was decided to install the treatment in the ceiling panels directly over the machines and the results were most gratifying. So much so that it was considered unnecessary to extend the treatment to the remainder of the ceiling panels, as had been at first considered.

The No-Nois treatment is especially well adapted to the officers' quarters of banking institutions. Now that it has become the almost universal practice to have the officers easily accessible to the public in an open space, noise has come to be extremely disagreeable in telephoning and in carrying on interviews with clients. No-Nois installation in the panels of the walls or of the ceiling directly overhead has been found to reduce this annoyance to a minimum and to give all of the advantages of a private office. The relief obtained from this treatment under such conditions can well be observed in the banking room of Messrs. Spencer Trask & Company, New York.

In another section of the offices of Messrs. Spencer Trask there is a demonstration of the localizing effect of the quieting treatment under still different conditions. In the telegraph room the noise of the instruments was not only quieted with resulting benefit to the operators, but the noise of the machines



Washington Marine Insurance Company, New York City

was made much less noticeable in the adjoining customers' room.

The domestic bookkeeping department of the National City Bank is one of the most interesting installations which have been made and the results were remarked upon in "Number 8," which is the monthly publication of the bank. This article is quoted below:

NOISE-PROOF CEILING WORKS MIRACLE

"What's happened up here, it's so quiet?" a page recently remarked as he entered the Domestic Bookkeeping Department.

"Why, don't you know about our new noise-proof ceiling?" he asked.

A few weeks ago the domestic bookkeeping department at work was at best one incessant boom and clatter of noise. In contrast, the foreign bookkeeping department, at the other end of the same floor, was an oasis of quiet. Now the entire floor is comparatively silent for all the two hundred and more who work there.

It has been very interesting to read over a few of the letters from firms who have had the "No-Nois" Treatment installed, expressing their opinion of the results obtained. In Rochester, a small typewriter room approximately 10 feet square was quieted and the results brought forth the following remarks:

As this small square room is bounded by six practically equal surfaces it seemed almost impossible that the treatment of one of these surfaces alone, namely the ceiling, would be adequate.

We find, however, that the difference is so marked that any additional quieting treatment would be superfluous, in fact the difference between this room and the rest of the office is so noticeable that until the occupants became accustomed to it, they called it the "Spooks' Room."

A concern in Boston stated:

It was very difficult to hear over the telephone and the noise made by the typewriters and billing machines was very annoying and in general conversation it entailed a large amount of energy to be properly heard. * * * When the treatment was only partially installed we could determine a marked improvement and now that it is completed, we feel that we have been transported from a bedlam to a realm of peace and quietness.

I could not overestimate the value of this change and, much to my surprise, I find a marked improvement in the efficiency of our employees. Personally, I find that I am not tired at the close of business and during the day can concentrate and accomplish more work.

One company which erected a new office building within the past year omitted the plaster from the ceiling and had the treatment installed instead. After moving into the building and observing the results, these people were so pleased with the results that they wrote the following letter:

It gives us the very greatest pleasure to admit the correctness of your claims for the "No-Nois" Treatment recently installed in our new building at 51 Beaver street. The results are highly satisfactory and the quiet subdued atmosphere of the office has been remarked upon frequently by clients.

The fact that arrangements were made with you for this installation during the course of construction of the building, not only saved expense in the matter of plastering the ceiling but also enabled us to provide a much neater finish which has borne out your claims that unless particular attention was drawn to the fact, it would never be known that other than the usual plaster finish existed.

Another company erecting a new office building adjoining the one just mentioned decided to try the treatment out on one floor and observe the results. Soon after occupying the building they expressed their sentiments as follows, and have since that time had the treatment installed on another floor of the building:

This is to advise you that the No-Nois Treatment that you installed for us in the fourth floor is satisfactory in every detail. I frankly admit that I had no idea that the noise could be minimized to such an extent as has been accomplished by this treatment. Occupying five floors as we do the contrast is decidedly noticeable when going from the fourth floor to any of the other floors. The difference in the sound is noticeable not only in regard to the noise made by the typewriters and other machines but also in ordinary conversation and the general noise of the office which is reduced to a minimum.

It is evident that wherever this system has been used it has been found effective in reducing the inefficiency and inconvenience which come from noise. Such a result is highly advantageous in any business but especially so in banking where concentration is necessary in order to secure that accuracy which is the first essential of good banking.



Vestibule, Office of Alfred C. Bossom, New York City



East End of Board Room, Office of Alfred C. Bossom, New York City



Detail of Board Room, Office of Alfred C. Bossom, New York City

The Architectural Offices of Alfred C. Bossom

THE NEW OFFICES of Alfred C. Bossom at 680 Fifth Avenue, New York, which were designed with a view to both beauty and utility, were much admired on the opening day when a house-warming reception was given to many friends and clients. It is in these offices that many new bank buildings are designed each year and from here all of the details of their construction and equipment are directed.

In laying out these offices it was realized that the light on all the four sides was a most valuable asset and, therefore, all of the utilities, such as rest rooms, corridors, cloak rooms, elevators, etc., were placed in the centre of the building, thus leaving the outside rooms available for business requirements.

The main vestibule is made of black and gold marble with natural finished butternut ceiling, with very soft lighting, with the object of giving a pleasant first glance when stepping off the elevator. Facing the elevator a young lady is stationed whose business is to see that everybody is attended to immediately, and for this reason there are no chairs in the vestibule, it being the policy that should anyone call they are to be shown immediately to the person they desire to see. If the latter happens to be engaged they are shown into one of the other reception rooms where



Private Office



Detail of Designing Room



ALFRED C. BOSSOM
Bank Architect and Equipment Engineer

the walls are hung with interesting photographs of work that has been designed by the firm.

The general plan of the offices has an underlying principle the same as any bank should have. That is—it all radiates from the office on the northeast corner which is the main private office. It is here that general schemes are discussed, plans of financing are given general consideration and programs are outlined.

When the plans for any special work have reached this stage, meetings are held in the adjoining board room, attended by all interested parties in the office. In this way everyone is conversant with the requirements from the operation's inception until its completion. Here the vaults, or the mechanical requirements of the undertaking are discussed and reduced to a schedule. The banking equipment, or its equivalent, is generally determined upon. The size of the building and type is figured out, and the form of architecture to be employed is determined, after which it goes to



General View of Board Room



Corner of Drafting Room

the adjoining room, where the general designing and preliminary studies are made.

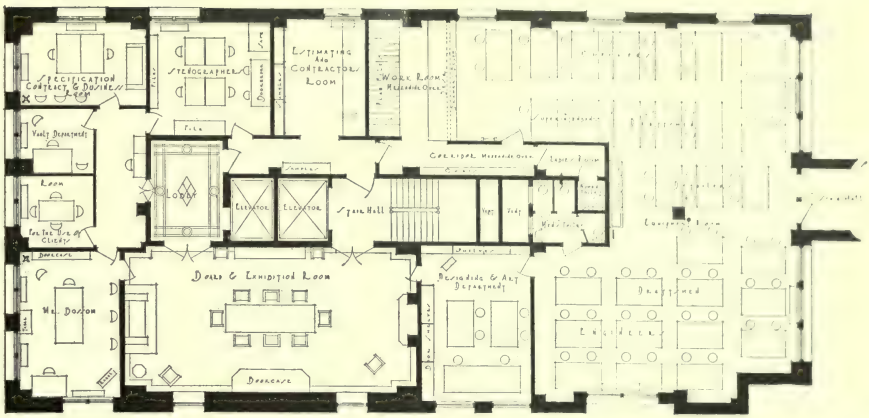


Invitation to house-warming of offices of Alfred C. Bossom

When these are completed the entire proposition goes back to the big reception room for further criticism and revision. When this stage has been reached the mechanical equipment, or vault work, etc., and general specifications are reduced to their complete form and the structural design is turned over to the engineers immediately adjoining the private designing room to put the bones, as it were, into the building.

From this point on the job captain and his force take hold of the operation and slowly develop it. First to the quarter scale, then the three-quarter, and finally the full size details. At the same time working around from the other side of the office the vault drawings and specifications, the general structural drawings and specifications, the selection of materials, and all other similar matters are being developed.

Thus, by the time the drawings have passed through the main drafting room and have reached the checkers, the specifications, bills of materials, etc., have passed around the other side, so



Floor Plan of Offices of Alfred C. Bossom

that they meet at the contractors' room ready for the contractors, material men and subcontractors to take hold of the operation and construct it. From then on the various gang foremen keep in touch with the operation, the business department receives the regular reports and progress photographs. Superintendents regularly inspect the work both at the shops and at the building, all turning the same into the bookkeepers who have charge of payments. All of these departments are readily accessible one to the other so that exchange of information is both frequent and easy. A complete intercommunicating telephone system exists throughout the office and a complete system of call bells is used.

The accompanying photographs will give the reader a good idea of the appearance of the offices and of the machinery whereby the business of building is conducted.

Twelve Business Maxims

The president of the London Chamber of Commerce gives these twelve maxims which he has tested through years of business experience, and which he recommends as tending to insure success:

1. Have a definite aim.
2. Go straight for it.
3. Master all details.
4. Always know more than you are expected to know.
5. Remember that difficulties are only made to be overcome.
6. Treat failures as stepping-stones to further effort.
7. Never put your hand out further than you can draw it back.
8. At times be bold; always, be prudent.
9. The minority often beats the majority in the end.
10. Make good use of other men's brains.
11. Listen well; answer cautiously; decide promptly.
12. Preserve, by all means in your power, "a sound mind in a sound body."



P. C. BEAMER
Vice-President The People's Bank, Limited,
Hilo, Hawaii



M. De F. SPINOLA
Secretary The People's Bank, Limited
Hilo, Hawaii



H. A. TRUSLOW
Cashier The People's Bank, Limited, Hilo, Hawaii



The People's Bank, Limited, Hilo, Hawaii

The People's Bank, Ltd., Hilo, Hawaii

ALTHOUGH the People's Bank, Ltd., of Hilo, Hawaii, is not yet four years of age, it is generally regarded as one of the Island's most important institutions and during the four years of its system has enjoyed a tremendous increase in business.

The bank was opened for business September 1, 1916, with a paid up capital of $70,000. To-day it has a capital of $170,000, surplus and undivided profits of $22,414, and total resources of over $1,250,000. The growth in deposits will be seen from the following table:

December 31, 1916	$208,165.93
December 31, 1917	392,560.18
December 31, 1918	663,594.04
June 30, 1919	761,728.88
December 31, 1919	1,050,019.03

The incentive responsible for the establishment of this institution was a desire upon the part of a few of the leading citizens to provide for the people of the Island a banking accommodation equal to the needs of the community. Accordingly, The People's Bank, Ltd., came into being with the following representative business men as officers and directors: William Chalmers, president; P. C. Beamer, vice-president; J. C. Pratt, cashier; M. de F. Spinola, secretary; Y. Hata, F. R. Greenwell, T. E. M. Osorio, W. H. Smith and J. W. Russell, directors.

The officers of the new bank in selecting a name, adopted that which would carry a symbol of meaning to their patrons, and after due deliberation, christened the institution The People's Bank, Ltd. Hence the name of the bank is also its motto, and is an evidence that it is The People's Bank in fact as well as in name.

An indication of the progress made by the bank since its beginning, is seen in the fact that at the opening of the doors a force of but four men attended to all business connected with the concern, while at the end of the first year's work it was found necessary to double its force in order to properly handle the increasing business.

Mr. Pratt, who so admirably and so efficiently conducted the office of cashier from the day the bank opened its doors, resigned this important position in January, 1917, and was succeeded by H. A. Truslow, formerly with the First Bank of Hilo, Ltd. Mr. Truslow's general knowledge of the banking business and local conditions made his services of great importance in the administration of the affairs of the institution. The main office of The People's Bank is in Hilo and branch offices are maintained at Kealakekua, Honokaa and a new branch shortly at Kohala.



Cashier's Office, The People's Bank, Limited
Hilo, Hawaii

The principal correspondents of The People's Bank are as follows: New York, Chase National Bank; San Francisco, American National Bank; London, Parr's Bank, Ltd.; Japan, The Yokohama Specie Bank, Ltd.; Honolulu, The Bank of Honolulu, Ltd.

The present officers and directors are

as follows: President, William Chalmers; vice-president, P. C. Beamer; cashier, H. A. Truslow; secretary, M. de F. Spinola; assistant cashiers, Karle B. Morgan and S. Kagimoto; directors, W. H. Smith, attorney-at-law; W. H. Greenwell, manager H. N. Greenwell Estate; Jas. Johnston, manager Kaiwiki Sugar Co.; J. W. Russell, attorney-at-law; Y. Hata, merchant; Chas. Shimamoto, merchant; T. E. M. Osorio, attorney-at-law.

THE HUMAN FACTOR

CAROL WIGHT in the *Atlantic Monthly*

THERE is, first of all, a very pressing need for more honesty, charity, and reverence in the world to-day than ever before. Old values, now discarded, will have to be resumed. Sentiment must take the place of sentimentality. There can be no social life worth the name without mutual honesty. There can be no abiding charity, if life is only a game of putting it over on the other man and getting by. If every shopkeeper, every landlord, every corporation, every union, is to emulate Jack Sheppard indefinitely, there will be a very definite end in due season.

. . . . . .

Many men (and women), who are trustees of the higher values in life, are already acting in this faith. They may be bankers, they may be judges, they may be editors, they may be scholars, they may be mechanics—their faith has not been formulated, its articles have not been codified; and so it is ever pliable and advances with the times; but it binds together in moral harmony the two opposite poles of human life, the individual and the state. Each of these exists for and pre-supposes the other. They are like the reverse and obverse of the same coin, and when both are sound, the coin rings true and will be acceptable at par in heaven.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Ansley, D., Central Trust Co., San Antonio, Tex.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Baker, I. W., Mgr., Advertising Dept., Guardian Savgs. and Tr. Co., Cleveland, Ohio.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Banco Mercantil Americano Del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Bauder-Baker, Union Bank Bldg., Chicago, Ill.
Baugher, E. M., president, The Home Building Association Co., Newark, Ohio.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Bernheim, E., Ph.D., Foreign Dept., The National Shawmut Bank of Boston, Mass.
Billings, K., asst. advertising mgr., Scandinavian American Bank, Tacoma, Wash.
Bize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, G. W. C., assistant secretary, Tidewater Bank & Trust Co., Norfolk, Va.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.
Buzbee, Minnie A., manager Advertising Department, American Bank of Commerce & Trust Co., Little Rock, Ark.

C

Conhaim, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
Cotton Belt Savings & Trust Co., Pine Bluff, Ark.
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Davis, Clark B., asst. secy., Franklin Tr. Co., 166 Montague St., Brooklyn, N. Y.
Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Deily, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Delson, Louis E., publicity manager, Central Trust Co. of Illinois, Chicago, Ill.
Dysart, W. R., cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Ekirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.
Frost, Lloyd A., treasurer, Guaranty Trust Company, Cambridge, Mass.

G

Garner, Percy, publicity manager, Wachovia Bank & Trust Co,. Winston-Salem, N. C.
Gehle, Frederick W., manager advertising department, Mechanics & Metals National Bank, New York.
Gehrken, George A., manager, New Business Dept., Seaboard National Bank, New York.
Germo, Eleanor, manager publicity department, Los Angeles Trust & Savings Bank, Los Angeles, Cal.
Grimm, H. B., director, Dept. of New Business, St. Joseph Valley Bank, Elkhart, Ind.
Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hamsher, C. F., president First National Bank, Los Gatos, Cal.
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Higley, J. N., advertising department, First National Bank, Youngstown, Ohio.
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
Hodgins, J. H., Statistical Dept., Union Bk. of Canada, Toronto, Canada.
Hoffman, A. C., manager, department of publicity, Security Trust & Savings Bank, Los Angeles, Cal.
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.
Holderness, M. E., vice-president and adv. mgr., First National Bank in St. Louis, Mo.
Hudson, Paul L., assistant cashier, First National Bank, Corona, Cal.
Hunter, Harold G., Sec'y and Treas, Kansas City Terminal Trust Co., Kansas City, Mo.
Hutchins, E. M., publicity manager, Seaboard National Bank, New York.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, Chicago, Ill.
Johnson, E. W., Warren National Bank, Warren, Pa.
Jones, Marshall H., asst. cashier First and Citizens National Bank, Elizabeth City, N. C.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Keeton, Monroe, manager Savings Department, Merchants & Farmers Bank, Meridian, Miss.
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.
Kommers, W. J., president, Union Trust Co., Spokane, Wash.

L

Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Le Beuf, Mae (Miss), publicity department. Hibernia Bank and Trust Co., New Orleans La.
Logan, John, cashier, Columbus State Bank, Columbus, Mont.
Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.
Lyons, Chas. S., Puget Sound Bank and Trust Co., Tacoma, Wash.

M

McCorkle, Josephine C., publicity manager, The City National Bank, Evansville, Ind.
McDowell, J. H., American Trust and Banking Co., Chattanooga, Tenn.
Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, Ohio.
Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
Matthews, H. B., advertising manager, S. W. Strauss & Co., 150 Broadway, New York City.
Mead, Harold O., asst. cashier, The Bkg. Corporation of Montana, Helena, Mont.
Merrill, Frank, advertising manager, Northwestern National Bank, Minneapolis, Minn.
Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York.
Miner, J. H., manager, Dep't of Public Relations, Seattle National Bank, Seattle, Wash.
Moniteur des Interets Materiels, 27 Pl. de Louvain, Brussels, Belgium.
Morgan, L. J., advertising manager, First National Bank, St. Joseph, Mo.
Muller, John, 49 Sonneggstrasse, Zurich, Switzerland.
Muralt, Henry de, secretary, Swiss Banking Association, Zurich, Switzerland.

N

Norberg, P. G., publicity manager, Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.
Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

O

Overton, J. A., cashier, National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Painter, W. H., assistant to the president, Security National Bank, Dallas, Texas.
Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.
Pollock, Willits, manager commercial service department, First Wisconsin National Bank, Milwaukee, Wis.
Poole, John, president, Federal National Bank, Washington, D. C.
Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.
Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.
Pratt, Thomas B., Henry L. Doherty & Co., 60 Wall Street, New York City.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
Reid, Carol S., publicity manager, People's Bank, Ltd., Hilo, T. H.
Rittenhouse, C. M., Farmers Loan and Trust Co., New York.
Rouff, Melvin, assistant cashier, Houston National Exchange Bank, Houston, Tex.
Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
Ryland, Cally, manager, new business department, American National Bank, Richmond, Va.

S

Sacramento Bank, Sacramento, Cal.
Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
Sclater, A. G., Union Bank of Canada, 49 Wall St., New York.
Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
Shepherd, George W., c/o International Trust Co., Boston, Mass.
Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
Staker, F. M., manager, publicity dept., Commerce Trust Co., Kansas City, Mo.
Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
Stover, J. C., secretary-treasurer Indiana Savings and Loan Association, South Bend, Ind.
Streicher, John H., new business department, the Commercial Savings Bank and Trust Company, Toledo, Ohio.
Sutton, Frederick T., publicity mgr., Mercantile Bank of the Americas, New York.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.
Tidewater Bank and Trust Company, Norfolk, Va.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president, Sioux Falls National Bank, Sioux Falls, S. D.
Wadden, Thomas A., vice-president, Lake County Bank, Madison, S. D.
Wells, Geo. T., assistant cashier, Denver National Bank, Denver, Colo.
Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.
Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.
Williams, John L., vice-president, Woodside National Bank, Greenville, S. C.
Winship, Addison L., vice-president and manager, New Business Department, National Shawmut Bank, Boston, Mass.
Withers, C. K., trust officer and publicity manager, Mechanics National Bank, Trenton, N. J.

Z

Zambrano, Adolfo, Jr., cashier, c/o A. Zambrano e hijos, bankers, Apartado No. 6, Monterrey, N. L., Mexico.
Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Downes, Carroll, manager, commercial service department, The Philadelphia National Bank, 421 Chestnut St., Phila., Pa.
Sellew, Waldo W., Albert Frank and Co., 14 Stone Street, New York City.
Woolford, Withers, Bank of America, 166 Montague Street, Brooklyn, N. Y.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in BANKING PUBLICITY

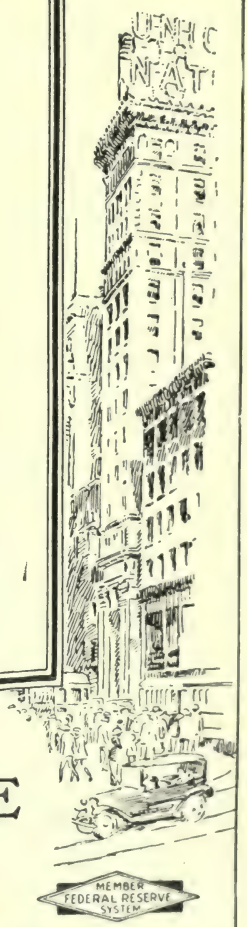
Banking and Financial Notes

SPECIAL The BANKERS MAGAZINE SECTION

THIS bank is big enough to provide every facility and complete protection in the handling of Cleveland accounts.

But it is never too *busy* to supply individual attention to the requirements of every correspondent.

Inquiries invited.



This bank with its affiliated institution—The Citizens Savings and Trust Company—forms the largest banking unit in Ohio.

UNION COMMERCE
National Bank
OF CLEVELAND

MEMBER FEDERAL RESERVE SYSTEM



STEPHEN BAKER, *the Elder*

All through its long history, the Bank of the Manhattan Company has, to a notable degree, held the confidence and enjoyed the co-operation of distinguished New York families, generation by generation. ⁄ In fact, the President of the Bank of the Manhattan Company today is a grandson and namesake of that Stephen Baker, merchant of early New York, who was one of the original subscribers to the stock of the Manhattan Company in 1799. ⁄ To the far-sighted sagacity and wise counsel of such early stockholders of the Bank may be attributed its constantly widening scope, for over a century, in the banking affairs of the Nation. The career of the Bank has been marked by steady growth and constantly enlarging usefulness to its clients. Notably, in recent years, the acquisition of the Bank of the Metropolis, in 1918 (now the *Union Square Office* of the Bank of the Manhattan Company) and in January, 1920, the Bank of Long Island with offices in Long Island City, Jamaica and eleven other industrial centers of Queens County. ⁄ The absorption on March 29, 1920, of the Merchants' Bank, with its honorable record of 117 years of service to the banking public, still further strengthens the commanding position of the Bank of the Manhattan Company.

Bank of the Manhattan Company

40 Wall Street

UPTOWN OFFICE:—*31 Union Square, New York*

OFFICES IN QUEENS BOROUGH:—*Jamaica, Flushing, Long Island City, Far Rockaway, Rockaway Beach, Seaside, Richmond Hill, Elmhurst, Corona, College Point, Woodhaven, Ridgewood, Fresh Pond.*

STEPHEN BAKER, *President* RAYMOND E. JONES, *First Vice-President*

JAMES McNEIL, *Vice-President* EDWIN S. LAFFEY, *Vice-President* D. H. PIERSON, *Vice-President*
B. D. FORSTER, *Vice-President* P. A. ROWLEY, *Vice-President* F. L. HILTON, *Vice-President*
HARRY T. HALL, *Vice-President* V. W. SMITH, *Vice-President*

O. E. PAYNTER, *Cashier*

W. F. MOORE, *Ass't Cashier* H. M. BUCKLIN, *Ass't Cashier* GEO. S. DOWNING, *Ass't Cashier*
JOHN S. BAKER, *Ass't Cashier* W. A. RUSH, *Ass't Cashier* E. S. MACDONALD, *Ass't Cashier*
I. S. GREGORY, *Ass't Cashier* O. G. ALEXANDER, *Ass't Cashier*

Capital, $5,000,000—Surplus and Undivided Profits, $16,146,494.20

Review of the Month

Trade Conditions Throughout the Nation as Compiled for the Federal Reserve Bulletin

CHANGES in prices, as well as in both business and credit conditions, occurring during the month of May, have borne witness to the presence of disturbing factors, whose importance and persistence are, however, as yet uncertain. Local reductions in retail prices have occurred at a considerable number of points and have at least suggested the advent of a serious modification of the price level throughout the country. More careful analysis has shown that there has been no material alteration in the underlying conditions affecting the situation, there being no decided increase in the volume of production sufficient to create a more normal relationship with consumption, no substantial change in the volume of credit extended, and no greater disposition to economize and invest than heretofore. The changes that have taken place cannot, therefore, be looked upon as indicating a modification of underlying conditions. They may, however, afford a basis for changes in business relationships that may broaden into more far-reaching alteration of the essential price structure. The continuance of labor difficulties and unrest, particularly in connection with the railroads, when added to the difficult situation produced by car shortage and lack of equipment, has caused considerable interruption to business operations, and the whole outlook has been such as to bring about a severe curtailment in the volume of stock and securities transactions and to compel very material lessening in the market value of Liberty bonds and of other securities of the first grade.

In district No. 1 (Boston) there is noted a trend toward greater discrimination and economy in buying, with pressure for lower prices, but there is also noted very great difficulty in the way of actual deflation.

In district No. 2 (New York) price reductions are noted in retail stores, a considerable accumulation of goods awaiting shipment resulting from strikes, a growth in the cost of doing business, great reduction in securities prices, but nevertheless a continued high demand for goods, and activity in trade.

In district No. 3 (Philadelphia) the congestion of freight and accompanying conditions have combined with a quieter state of things in the markets and a large relative public demand for medium and lower priced goods, to alter in some respects the general drift of development of preceding months.

In district No. 4 (Cleveland) an orderly movement back toward a more solid and substantial footing is noted, although not all business men are agreed on the outlook. Business conditions, however, are said to be fundamentally sound.

In district No. 5 (Richmond) unrest and uncertainty in commercial fields have continued, and agitation against high prices has led to some curtailment in purchasing. Collections are good, on the whole, and the most serious cloud on the present situation is the traffic outlook.

In district No. 6 (Atlanta) the peak of high prices has been reached in most lines and the tendency is downward, while there is some indication of reduction in stocks of goods. Unrest still prevails on account of high prices.

In district No. 7 (Chicago) decided readjustment in economic conditions is anticipated, one factor in which is the growth of indications of general reductions of prices. The transportation and associated difficulties noted elsewhere in the country appear to be especially acute in the Chicago district, while the labor situation shows small improvement.

In district No. 8 (St. Louis) the volume of business is enormous, the total in both manufacturing and distribution showing broad gains over the corresponding period last year. The peak of the upward movement is, however, believed to be reached. Productive conditions have been unfavorable agriculturally.

In district No. 9 (Minneapolis) crop conditions are promising. The demand for credit is very strong and the business outlook is satisfactory, although there is a disposition to be cautious.

In district No. 10 (Kansas City) there was during April the first "real recession from the high tide of activity" of the past year or more. There has been a curtailed movement of livestock and grain, resulting from bad transportation conditions accompanied by severe financial hardships upon producers and shippers. Retail trade has slowed down but the general situation is regarded as one of encouragement, although more or less unsettled conditions are expected to prevail during readjustment.

In district No. 11 (Dallas) there has been

a slowing up of agricultural, business and financial operations which, however, has had some beneficial effect. Prices have continued upward but the falling off in demand has affected largely the higher priced articles. There is recognition of "a healthy spirit of caution among bank borrowers and users of capital."

In district No. 12 (San Francisco) the prospects for good crops are better than at any time this year, although the season is late. Car shortage has hurt lumbering; building has been less active; and retail trade has fallen off slightly as compared with a month ago.

The arrival of the time for active effort in connection with crops has introduced a new factor into the situation in those districts where agriculture is the chief industry. In the cotton region the movement of the 1919 crop has continued to slow up, while farming conditions in the southwest (district No. 11 Dallas) have not been very favorable. Planting is late and much replanting has been found necessary. Undue drouth has been only partly relieved. Live-stock ranges are in fair to good condition and the condition of animals is reported good. In district No. 6 (Atlanta) preliminary inquiry indicates that while planting is not complete there is a disposition to increase acreage. The progress of the crop has been greatly delayed. Actual damage to crops thus far through unfavorable weather has been small. With respect to wheat it is reported by district No. 9 (Minneapolis) that spring wheat acreage will be 12% less than a year ago, owing to shortage of farm labor, but that there will be increased seeding to flax, barley and oats. Corn acreage is expected to be unusually large. Live-stock conditions are improving, but the herds are in poorer condition than at this time a year ago. In district No. 10 (Kansas City) winter wheat made good progress in April. Abandonment of acreage is not as large as was at first reported. In some States of the district, notably Oklahoma and Nevada, conditions are very much better, but it is still true that a large production in acreage has taken place. Corn planting is slow; cotton is also retarded. In the middle west (district No. 7 Chicago) there is a great demand for credit in agricultural districts, the serious shortage of farm labor, as well as cold weather and large rainfall having hindered farm work. Spring wheat acreage has been restricted, but the crop is now doing well. The outlook is "fairly promising." The transportation "tie-up" is reported from all districts as having prevented normal movement to the markets as well as for export, and a correspondingly larger use of credit. Large stocks of both corn and wheat are being carried on farms, in elevators and elsewhere. Agitation designed to bring about some relief of the labor shortage may produce better conditions in the near future. From district No. 10 (Kansas City) it is reported that Kansas had 35,500,000 bushels of wheat in storage, as against 11,000,000 a year ago. Throughout the district the delay in the movement of products is serious.

The favorable conditions for livestock reported from some districts, notably Dallas, Kansas City and Minneapolis, encourage the belief that the year's output will be better than was expected. This continues the expectations already reported a month ago. In livestock, as in grain, however, the movement to the markets has been delayed.

In iron and steel, demand has continued very heavy and steel mills are booked far ahead. The ore situation is, however, not improved. Lake transportation has been slow. The railroads can handle only a small portion of the ore which is ready for shipment. A shortage of coal in the northwest is expected. Shipments for ore for April were only 231,000 tons, compared with 1,400,000 in April, 1919. In district No. 3 (Philadelphia) the general iron and steel market has been much quieter lately and buying has slackened. The level of prices continues firm. Some mills have been fortunately situated in possessing a large supply of raw materials, and orders in practically all lines are booked for a long time ahead, so that manufacturers feel that the present year should be a time for continued prosperity. This, however, is largely contingent upon the development of better transportation and improvement in labor conditions. In district No. 6 (Atlanta) pig iron production has increased somewhat over 1919, but there is a decrease as compared with March. Pig iron prices are advancing. Steel plants are well supplied with orders and working on full time. Commercial work in fabricating plants is active and prospects bright. The unfilled orders of the United States Steel Corporation at the close of April were 10,359,747 tons, corresponding to an index number of 197, as compared with 9,892,075 tons at the close of March, the index number for which month was 188. Pig iron production during April decreased to 2,739,797 tons as compared with 3,375,907 tons during March, respective index numbers being 118 and 146; while steel ingot production like-

ANNOUNCEMENT

CHANGED conditions in Commerce and Industry demand larger banking units.

"Old Bullion," in recognition of this need, is joining forces with the Citizens National Bank, its honored friend and neighbor of many years' standing.

United under the name of the Chemical National Bank, the enlarged institution dedicates itself anew to the service of its depositors and friends throughout the length and breadth of the land and invites their attention to the greater facilities made possible by the consolidation.

We are seeking new business on our record.

The Chemical National Bank of New York

[Established 1824]

Resources 225 Millions

wise decreased from 3,299,049 tons during March to 2,638,305 tons during April, the index numbers being 137 and 109 respectively.

Coal conditions have been particularly important in connection with iron and steel, as with other industries. The state of things in regard to coal is now very acute in some districts. In district No. 2 (New York) the supply is far below the demand and consumers are bidding against one another. Railroads "are more or less the victims of systematic sabotage at their terminals." The car supply at the mines is only thirty per cent. of normal, while the labor situation there is also unsettled. The situation as a whole "is such as to cause considerable concern among conservative coal men" and transportation is regarded as a fundamental factor requiring improvement. In the middle west (district No. 4, Cleveland) coal shipments have fallen off. For April, at lake ports they were about one-third of what they were in April, 1919. Lake shippers will pool their coal in order to increase the movement, but this is only a partial remedy. Fuel prices are the highest on record in the lake trade. Not only does a general shortage of coal exist now, but a shortage next winter which may curtail production of iron and steel at interior furnaces is foreseen. In district No. 6 (Atlanta) the coal production is being held down, mines being able to get only an insufficient number of cars. Labor, however, shows no discontent and there is small movement of coal in foreign trade. Railroads throughout the district have placed orders for fuel for the next twelve months, "the amount in every instance being larger and the price higher than ever before." Production of bituminous coal for the country at large during April amounted to 32,006,000 tons, as compared with 46,792,000 tons during March, and 32,164,000 tons during March, 1919, the respective index numbers being 86, 126 and 87. Labor difficulties, although sporadically existing, appear to be a relatively minor factor in coal production as compared with the influence of car shortage. In the southwest many bituminous coal mines are operating at only about two-thirds of capacity. No reduction of prices is in sight. Demand for petroleum continues very strong. In the Kansas and Oklahoma oil fields April output was about

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital $500,000 Surplus $2,000,000 Undivided Profits $950,000

OFFICERS

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JULIAN P. FAIRCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
THOMAS BLAKE, *Secretary*
HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED. **INTEREST ALLOWED ON DEPOSITS.**

10,500,000 barrels, or slightly larger than in March, as compared with about 9,000,000 barrels in April, 1919. Production still tends to increase. The California output was about 275,000 barrels a day, as compared with 276,000 in March. Stored stocks have decreased nearly 500,000 barrels. At the present rate of production and consumption, the stored stocks in California will probably be exhausted before the close of 1921.

Metal mining has shown a slight improvement in Colorado, despite some shortage in labor, while lead and zinc have shown a price reaction on the Joplin market, although much of the output is still in cars and on the sidings. The average price for lead ores is one of the highest for many months, but the supply of ore is insufficient to meet demand. Production, however, is fairly well maintained.

General manufacturing has continued in substantial volume, although unsettled conditions of labor and uncertainty on the part of retail buyers have had a restrictive effect. In leather and shoes production is reported by district No. 1 (Boston) to be low and "quantities of merchandise extremely high." Prices of leather are down to 80c from a peak of $1.75 per foot. Dealers stopped buying about the middle of May. Some manufacturers have had overtures for cancellations which have been refused. In district No. 5 (Richmond) no recession in prices is expected. Tanners in district No. 3 (Philadelphia) are not optimistic about present conditions. Some tanners manufacturing for foreign trade contemplate shutting down. There is an insufficiency of labor. Retailers are restricting their orders for shoes. Wholesalers and jobbers are overstocked. Manufacturers are receiving some cancellations. Increased buying, however, is expected in the near future and most manufacturers are continuing to operate at capacity. The outlook is for "a steady volume of business but at lower price levels."

Textile production has been subject to many disturbing conditions. In the New Bedford district of Massachusetts, textile strikes of some importance have occurred. An advance of wages of about fifteen per cent. in the principal textile centers of New England has been announced. High prices for cotton continue with very little indication of a reduction. Spinners, however, are cautious, believing that prices on fine cotton yarn have reached the top. In knit goods demand has practically ceased at the present time. Goods for fall delivery have been quoted at twenty to thirty per cent. below those of spring. Cotton yarn continues at a high level. "The outlook in the trade (for knit goods) is very uncertain" but "many manufacturers hold to the belief that orders will soon be placed in great numbers." In wool the auction sales at Boston have resulted in the purchase of only about thirty per cent. of offerings, and prices were off about twenty per cent. from the previous sales of English wool. Prices of American wool are off ten per cent. and on lower grades ten to fifteen per cent. There is some letting up in the demand of the purchasing public for the finer grades of cloth. Cancellations of orders in both cotton and wool have not been large but are already noticeable. Clothing manufacturers are purchasing but little from the weavers in district No. 3 (Philadelphia). They also are receiving numerous cancellations and are obliged to make concessions to retailers. General wholesale trade, in spite of unsettlement due to conditions already described, holds up tolerably well.

Building activity continues well sustained in many sections, although seriously curtailed in certain districts, such as Chicago by the shortage of materials and by increased

Getting Acquainted

The Seaboard National Bank has always endeavored, with more than ordinary interest, to fully acquaint itself with the business entrusted to it by its many depositors and friends, having always regarded this as being the only basis for creating a genuine spirit of mutual confidence and co-operation.

This institution offers a modern banking organization that is thoroughly equipped and systematized to render a prompt and intelligent service along every line of financial business.

Whatever your requirements in banking may be, our officers who give their personal and undivided attention to every account, will be glad to go into details with you regarding your business problems and financial needs.

The Seaboard National Bank

of the City of New York

Capital, Surplus and Profits over Five Millions

prices. From several districts it is reported that new construction is largely confined to business building as against construction for housing purposes. The character of building operations has resulted, it is reported, in a lessened demand for lumber, whereas in the case of brick, cement, etc., as just noted, demand outruns supply. In certain districts complaint is made of difficulty in financing construction, and in some of the larger centers the great increase in rentals has resulted in a large growth of purchasing of syndicates of tenants.

The labor situation during the month has been one of the outstanding elements of doubt and difficulty. In addition to intense shortage of labor on farms and at other points of primary production, sporadic strikes in many lines of manufacturing, notably textiles, have continued to indicate unrest. Wages have apparently fallen behind the advance in prices and cost of living. The movement of labor from the farms to the cities is continuing. Various demands for higher wages have been taken under advisement for the purpose of bringing about compromise adjustments between employers and employees. General complaint of low efficiency or small output per unit of labor continues to be prevalent. The difficulty of getting skilled labor in some of the more highly developed lines of manufacture is very considerable.

The financial occurrences of the month have been of first importance. In addition to a heavy decline both in volume and value of securities in the financial centers, there has been a general tendency to revision of interest rates. This has applied both to call and time funds and to rates for commercial paper. No material change in rediscount rates at Federal Banks has occurred but an effort to limit credit to essential necessities has been general. It has been sought to promote this control of credit through conferences among bankers and discussions of the financial situation at meetings of bankers and financial authorities generally. On May 18, an important conference between the Federal Reserve Board and the Federal Advisory Council and Class "A" Directors of Reserve Banks occurred in Washington, as the outcome of which agreement was reached to make a more careful scrutiny of applications for bank credit, with a view to granting those only which might be found to be necessary.

It was further agreed that caution must be exercised and commitments must be made only with discretion.

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ECONOMIC CONDITIONS IN THE EASTERN STATES

A FURTHER advance in rediscount rates at the New York Federal Reserve Bank became effective on June 1. The rate for commercial paper was raised a full one per cent. to 7 per cent. At the same time the rate for advances on paper secured by Liberty Bonds and Victory Notes was raised from 5½ to 6 per cent.; the rate for advances secured by bankers acceptances was increased from 5 to 6 per cent.; and for advances not exceeding 15 days secured by Treasury Certificates of Indebtedness, and for rediscounts not exceeding 90 days, the rate was increased from 5 to 5½ per cent. The rate on trade acceptance paper was raised from 6 to 7 per cent.

Improvement in the railroad situation is not marked. Freight congestion is still a bothersome feature and has resulted in a coal shortage which has compelled the closing down of some plants. Railroad workers are reported to be leaving the industry for other occupations due to dissatisfaction with labor conditions and disappointment in the delay of the Labor Board in adjusting wages. Production is still far below normal.

The longshoremen's strike, which for weeks has impeded the movement of freights in and about New York harbor, still continues in spite of Governor Smith's offer of mediation which was rejected by the union. Meanwhile the Citizen's Transportation Committee has secured the services of a fleet of independent trucks driven by ex-army men and has been successful in eliminating a great deal of the congestion. This development is being strenuously combatted by the union which sees in it an attempt to establish open-shop principles.

Retail price cuts, instituted a few weeks ago, continue, and there appears to be a slight falling off in food prices and also in wholesale prices. Coal prices, on the other hand, were never higher.

CONVENTION DATES

American Bankers Association—Washington, D. C., week of October 18.

LIBERTY EXECUTIVES ARE RE-ELECTED

The following officers of the Liberty Securities Corporation, affiliated with the Liberty National Bank of New York, were re-elected at a recent directors' meeting:

Harvey D. Gibson, president; Sidney W. Noyes, Joseph A. Bower and Harral S. Tenney, vice-presidents; Frederick P. McGlynn, secretary; Raymond D. Forbes, treasurer; Henry S. Bartow, assistant secretary and assistant treasurer.

HANDY GUIDE ISSUED BY NATIONAL BANK OF COMMERCE

A revised ownership certificate guide for use in the preparation of income tax ownership certificates which are required to be attached to dividend coupons or checks of non-resident foreign corporations and interest coupons of corporations and foreign governments has been issued by the National Bank of Commerce in New York. The guide reduces to tabular form the revised provisions of the income tax regulations regarding the collection of coupons. The form of ownership certificate required in each case and the manner in which it is to be filled out are shown at a glance.

TENTATIVE PROGRAMME FOR THE ANNUAL A. B. A. CONVENTION

A large gathering is expected to attend the annual convention of the American Bankers' Association at Washington, October 19 to 22. Moreover, the topics to be discussed will be of a highly important character. The programme committee, composed of President Richard S. Hawes, Guy E. Bowerman and Thomas B. McAdams, has just suggested the tentative programme as follows:

Monday, October 18—Forenoon, executive council meeting, which will be devoted to consideration of the proposed constitutional changes; all section committee meetings. Afternoon, Clearing House section; State Bank section; all general committee meetings, with probably some of them being held Monday night.

Tuesday, October 19—Forenoon, general



A modern savings bank building in keeping with the beauty and dignity of the principal business street of Northampton, Mass., home of Smith College. The building is occupied by the Northampton Institution for Savings, which has been caring for the savings of this prosperous section of New England since 1842.

Thomas M. James, Architect

3 Park St., Boston, Mass.

session of the convention; afternoon, savings bank section; trust company section. Evening, executive council.

Wednesday, October 20—Forenoon, general convention. Afternoon, national bank section; trust company section; State bank section.

Thursday, October 21—Forenoon, general section of the convention. Afternoon, National bank section; savings bank section; Clearing House section.

Friday, October 22—Forenoon, general convention session.

Secretary of the Treasury David F. Houston, Secretary of Agriculture E. T. Meredith, Homer L. Ferguson, F. W. Ellsworth and Fred I. Kent will be among the speakers.

A straight business convention, in which not only the problems of the banking fraternity but the questions of greatest importance to the entire nation will be considered, is the aim of the programme committee. "We want to be of service to the nation as well as to bankers," said Guy E. Bowerman, general secretary, "at such a time when changing conditions are demanding constant attention; the bankers of the country can serve in no greater capacity than tackling these problems at their annual convention."

FEDERAL RESERVE CHANGES

George L. Harrison, general counsel to the Federal Reserve Board, and Edwin R. Kenzel, controler of investments at the local Reserve Bank, have been elected deputy governors of the institution.

The election of Laurence H. Hendricks, controller of collections, to be controller at large and a member of the managing committee, and Leslie R. Rounds to be controller of the fiscal agency functions, and James M. Rice to be manager of the Government bond department was also announced.

Mr. Harrison will begin his new duties about July 1. He has been in the board's legal department since 1914, with the exception of one year, when he was abroad doing Red Cross work. Mr. Kenzel, who will continue to be in charge of the Reserve Bank's investment department, was elected as assistant cashier of the bank in November, 1914. Mr. Hendricks also has been associated with the Reserve Bank since its formation.

Richard H. Williams has been elected a class B director of the New York Federal Reserve Bank, to succeed to the vacancy caused by the resignation of William B.

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E. J. NEWELL, Vice-Pres.
C. G. FEIL, Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier
GEO. ULRICH, Asst. Cashier
C. H. FITCH, Asst. Cashier
W. G. WILCOX, Auditor

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ENGLEWOOD, N. J.
Capital $50,000.00
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Collections solicited. Remittance on day of payment at lowest rates. Send us your business.

Thompson, who retired when he became affiliated with the Republican National Committee. Mr. Williams will hold office for the unexpired term for which Mr. Thompson was elected, which will terminate on December 31 of this year.

Mr. Williams is the senior partner in the firm of Williams & Peters, coal merchants at 1 Broadway. He also is a director of the Pennsylvania Coal Company, a director and member of the executive committee of the Equitable Life Assurance Society, a director and member of the finance committee of the Atlantic Mutual Insurance Company and a director of a number of other companies. He was a director of the National Park Bank of the Fulton Trust Company, but resigned from both boards in order to qualify, under the Federal Reserve Act, as a class B director of the Reserve Bank.

NEW EXECUTIVES AT THE CHASE NATIONAL BANK

Directors of the Chase National Bank of New York have elected to the board William M. Wood, president of the American Woolen Company, and H. Wendell Endicott, vice-president of the Endicott-Johnson Corporation. Mr. Endicott succeeds his father, the late Henry B. Endicott. Directors elected as assistant cashiers Andrew G. Campbell, William H. Moorhead, Charles A. Shepardson and Earnest T. Love.

Charles G. Du Bois, president of the Western Electric Company, was also elected a director of the Chase Securities Corporation.

GIVES UP BANKING FOR FILM BUSINESS

Richard W. Saunders has been appointed comptroller of the Famous Players-Lasky Corporation, producers of motion pictures. Mr. Saunders resigned as cashier of the National Bank of Commerce in New York to accept this position.

BECOMES CASHIER OF THE LINDEN (N. J.) NATIONAL BANK

Frank G. Newell, who has resigned his position as manager of the new business department of the Metropolitan Trust Company of New York, to become cashier of the Linden (N. J.) National Bank, is a splendid example of what perseverance will do for an ambitious youth. Mr. Newell, who is only 26 years of age, joined the Metropolitan's staff eight years ago as a messenger boy and has achieved considerable prominence as an A. I. B. debater.

RECENT ADDITIONS TO THE GUARANTY TRUST'S STAFF

Because of the fact that the Guaranty Trust Company of New York has moved its uptown branch into new quarters at the corner of Fifth Avenue and Forty-fourth street, the following officers have been appointed and will be stationed in the new banking room:

James E. Switzer, assistant treasurer, will have charge of the new business activities; E. M. Hoffman, assistant manager of the foreign department, who will have charge of all matters relating to foreign trade, and other business of that nature; E. P. Tate, assistant treasurer, who will be occupied in the service work of the branch.

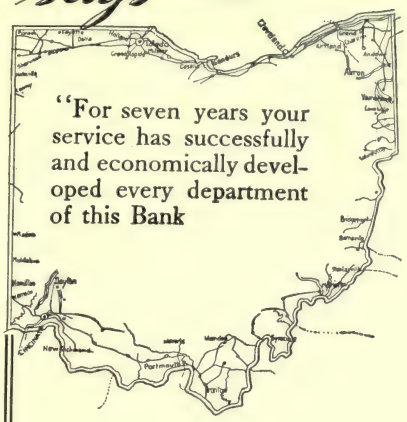
Other recent Guaranty appointments are: F. W. Trabold, assistant vice-president; Herman Miller, B. F. Nichols and C. M. Marvin, assistant secretaries, and E. B. McPherson, assistant manager overseas service department.

FAMOUS OLD BANK PLANS TO TRY MODERN THINGS

The New York Life Insurance & Trust Company, which transacts its business today in the same manner as in 1830, when the bank was founded and has always evinced an ultra-conservative disdain for such things as typewriters, telephones and adding machines, has yielded to the inevitable and is preparing for an infusion of modern ideas and modern business methods aimed to place the old institution on an equal footing with its younger contemporaries.

Modern equipment and modern ideas of banking have never had any charm for the old institution and it was most suc-

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cessful in its old-fashioned way. But rumor has it that the election of Edwin G. Merrill, former president of the Union Trust Company, and later vice-president of the Central Union Trust Company, when the two institutions were merged, to the presidency of the New York Life Insurance & Trust Company, means that many of the bank's time-worn customs are doomed.

The installation of typewriters, adding machines and telephones probably will be the first changes. Mr. Merrill succeeds the late Walter Kerr, whose death was reported in the May BANKERS MAGAZINE.

N. Y. UNIVERSITY'S SUMMER SESSION STARTS JULY 6

What is known as the Wall Street Division of New York University will conduct a summer session of six weeks in its building at 90 Trinity Place beginning July 6. Special classes in banking practice, bookkeeping, accounting economics, and money and credit will undoubtedly attract a creditable enrollment from New York's financial district. Most of the classes begin at the convenient hour of 5:15 p. m.

MANUFACTURERS TRUST COMPANY OPENS A SPECIAL INTEREST DEPT.

A special interest department, conducted independently of its commercial banking and trust company service, has been opened by the Manufacturers Trust Company of New York, at its Manhattan office, 481 Eighth avenue. Interest payments will be at the rate of three per cent. per annum.

INVESTMENT HOUSE ADDS TO ITS PERSONNEL

George E. Wills, formerly sales manager for Bonbright & Company; Charles A. Reynolds, formerly with Colgate, Parker & Company, and G. C. Thayer, formerly with White, Weld & Company, have become associated with Morton & Co. Inc., dealers in investment securities, at 25 Broad street, New York.

FOREIGN CREDIT CORPORATION IN NEW QUARTERS

The Foreign Credit Corporation, which, since its organization last September, has

occupied temporary offices at 37 Liberty street, New York, now occupies the ground floor banking space at 30 Pine street.

CHANGE IN DIRECTORATE OF FRENCH-AMERICAN BANKING CORPORATION

Harry B. Thayer has resigned as a director of the French-American Banking Corporation, located at the intersection of Cedar and William streets, New York, and Charles G. Du Bois, president of the Western Electric Co., has been elected a director in his place.

THE NEW SUPERINTENDENT OF THE BANKING DEPARTMENT OF THE STATE OF NEW YORK

George V. McLaughlin, whom Governor Alfred E. Smith has nominated as superintendent of the Banking Department of the State of New York, and who was at the time of his appointment Deputy Superintendent of Banks, has been in the department for the past ten years. Mr. McLaughlin was born in Brooklyn and received his preliminary education in the public schools. After graduating from the Eastern District High School in Brooklyn, he entered the employ of the North Side Bank of Brooklyn, where he remained for eight years, being advanced from one responsible position to another until he was finally appointed an assistant cashier of the bank.

While in the employ of the bank he attended the New York University School of Commerce, graduating with the degree of B.C.S. He passed the examination and was registered by the State Board of Regents as a certified public accountant.

For several years Mr. McLaughlin taught business accounting and other commercial subjects in the Brooklyn public evening schools.

For three years he attended the Brooklyn Law School, graduating with honors, receiving the degree of LL.B. He passed the New York State Bar examination and was admitted to the practice of law.

In 1911 Mr. McLaughlin, after passing a civil service examination, was appointed an examiner in the New York State Banking Department. In his work in the Banking Department he was eminently successful; his ability and merit were recognized by the head of the Banking Department in his appointment as Special Deputy Superintendent in charge of several failed banking institutions.

As head of the liquidation bureau of the Banking Department, his work has been commended, not only by the several superintendents of banks under whom he has served, but also by the Depositors' Association of the banking institutions, and by judges of the Federal and state courts.

Mr. McLaughlin is considered one of the ablest men in the Banking Department. The fact that he has had broad experience as a practical banker, is also a lawyer and certified public accountant, and because of his knowledge and experience acquired as an examiner and Deputy Superintendent of Banks, he is exceptionally qualified for the office of superintendent of banks, for which he has been nominated.

BANQUE INDUSTRIELLE DE CHINE

The Banque Industrielle de Chine has opened an agency at 27 Pine street, New York. This bank was established in 1913 with the head office in Paris and a central office in Pekin, China. The subscribed capital of the bank is 150,000,000 francs, and its deposits exceed 600,000,000 francs. The New York agent of the bank is O. J. Thomen, who was one of the founders of the banking house of Redmond & Co. and who established and conducted the foreign business of that firm. The Banque Industrielle de Chine has taken over all the foreign exchange business of Redmond & Co.

BOYER ELECTED PRESIDENT WASHINGTON, D. C., A. I. B.

Charles D. Boyer, assistant cashier of the Federal National Bank of Washington, D. C., has recently been elected president of the Washington, D. C. chapter, American Institute of Banking.

PULLEYN HEADS N. Y. STATE SAVINGS BANK ASSOCIATION

At the twenty-seventh annual meeting of the Savings Bank Association of the State of New York, held at Lake Mohonk, New York, on May 27, John J. Pulleyn, president of the Emigrant Industrial Savings Bank, New York City, was elected president of the association for the coming year. Mr. Pulleyn succeeds Samuel H. Beach of Rome, N. Y., who has held the position of president for two years and who declined the nomination for this year on account of ill health. The various presidents of the five groups of savings banks in the state automatically be-

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A circular describing several issues of desirable investment securities will be sent on request

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came vice-presidents of the association, as the result of an amendment to the by-laws. The association gave its approval to plans for a state-wide advertising campaign, having for its objects the decrease of social unrest and the increase of thrift.

IRVING NATIONAL CUTS MELON FOR ITS EMPLOYEES

The Irving National Bank of New York which has announced a plan to increase its capital stock from $9,000,000 to $12,500,000, has taken the unusual step of offering 5,000 of its 35,000 new shares directly to its employees for subscription at $100 a share. The remaining 30,000 will be offered to its stockholders at par, in the proportion of a new share for three shares held.

The time for making subscriptions and payment by the stockholders expires on July 21 and stock of record on June 30 will be entitled to purchase the new shares.

The employees on the other hand will purchase their stock under terms and conditions to be decided upon by the board of directors. From the personnel which may subscribe to the 5,000 shares the chairman, vice-chairman, president and any officer who is a director of the bank are specifically excluded. Transfer books for the meeting closed on June 12 and reopened on June 19.

The Irving National Bank, according to a recent statement, had approximately $200,000,000 of deposits, loans, discounts, investments, etc. of $199,676,000, capital stock of $9,000,000 and surplus and undivided profits of $10,340,400.

NYE JOINS GUARANTY TRUST OF NEW YORK

Joseph M. Nye, former chief special agent of the Department of State, has been made assistant to the executive officers of the Guaranty Trust Company of New York. Mr. Nye was in charge of the various foreign missions that visited the United States during the war. He escorted the King and Queen of the Belgians throughout the country, as well as escorting the Prince of Wales, the Prince of Udine, cousin of the King of Italy; Marshal Joffre and Mr. Balfour on their visits here.

At a recent meeting of the executive committee of the Guaranty Trust Company F.



International

Transferring the Wealth of the Citizens National Bank to the Chemical, Sunday, May 30, 1920

R. Acheson Shortis was appointed a vice-president of the company. Mr. Shortis, who was for many years in charge of the foreign business of Kleinwort, Sons & Co., merchant bankers of London, and lately manager of the firm, resigned last year to become financial adviser to the Inter-Allied Rhineland High Commission. He has obtained a release from that post and will arrive in New York shortly.



International

Percy H. Johnston, President of the Chemical National and Edwin S. Schenck, President of the Citizens National, New York City, on the day of the merger of the banks

CITIZENS NATIONAL TRANSFERS ITS VALUABLES TO THE CHEMICAL NATIONAL

Many millions of dollars in cash, bonds and securities were moved recently from the vaults of the Citizens National Bank at 320 Broadway to the Chemical National Bank at 270 Broadway, completing the consolidation of these two New York institutions.

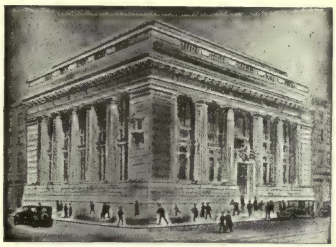
Policemen were placed on guard while bank employees carried bags containing millions in value from 320 to 270 Broadway, and a force of policemen was kept on duty at night to guard the place during the work of distributing and locking up the gold, bills, securities and jewels and other personal property stored by individuals at the Citizens National. The total resources of the two banks which were consolidated are $230,000,000.

WILLIAM A. BOYD

William A. Boyd has resigned as treasurer of the First Trust & Deposit Company of Syracuse, N. Y., to become vice-president of the First National Bank at Ithaca. He assumed his new duties June 1, 1920.

Mr. Boyd was cashier of the old First National Bank of Syracuse at the time it

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was merged with the Trust and Deposit Company of Onondaga to make the First Trust and Deposit Company.

ROBERT STUART COCKBURN

Robert Stuart Cockburn has been appointed an assistant secretary of the London office of the Guaranty Trust Company of New York.

JAMES G. BLAINE, JR.

James G. Blaine, Jr., vice-president of the Liberty National Bank of New York, has been elected a director of the American Safety Razor Company.

DEATH OF JOSIAH ANSTICE

Josiah Anstice, well-known manufacturer of Rochester, N. Y., and a vice-president of the Rochester Savings Bank and the Rochester Trust & Safe Deposit Company, died at his home May 26.

NEWS NOTES FROM THE LIBERTY NATIONAL BANK

The board of directors of the Liberty National Bank of New York yesterday announced the payment of extra compensation to all employees amounting to twenty per cent of salaries for the first quarter of this year.

Ernest Stauffen, Jr., vice-president of the Liberty National Bank of New York, has been elected secretary and treasurer of Group 8, New York State Bankers Association, and has also been appointed Group 8 member of the nominating committee.

BANQUE INDUSTRIELLE DE CHINE

The Banque Industrielle de Chine of Paris has purchased the block on Boulevard Haussman from Rue Cammartin to Rue Magader and between Grands Magazins du Printemps and the Galleries Lafayette. The enlargement of the main office of this bank is necessary to meet the requirements of its rapidly growing clientele in the establishment of numerous new branches. With this important addition to its holdings, the bank's real properties now easily exceed Fcs. 60,000,000 (sixty million francs).

The great strides in the development of this bank are materially evident in the fact that it's deposits on May 20th exceeded Fcs. 800,000,000 (eight hundred million francs):

its portfolio went from 65 to over 250 million francs and the next balance sheet is bound to show the considerable and important progress of the institution since last December.

The New York office of this bank is at 27 Pine Street. O. J. Thomen is the agent.

NEW DIRECTORS FOR ANGLO-SOUTH AMERICAN BANK

F. C. Harding, New York agent for the Anglo-South American Bank, Limited, received a cable dispatch from the bank's head office in London to-day, announcing the election of three new directors to the board. They are Alfred G. Gumpert, Sir Clarendon Golding Hyde and William H. Hollis.

These men have been closely connected with the business development of South America, where the bank maintains 23 branches in Argentine, Chile, Uruguay and Peru. Mr. Gumpert, who has been connected with the Anglo-South American Bank for some time, has spent close to 30 years in Latin America. He is a director of the British Overseas Bank, Ltd.; also of the Trust & Agency Co., Ltd. of Australasia, the Commercial Bank of Spanish America, Ltd., and of the London & South American Investment Trust, Ltd.

Sir Clarendon Hyde is a partner in the firm of S. Pearson & Son, Ltd., which is now engaged in the construction works of the Port of Valparaiso, and were recently purchasers of the Chilean Electric Tramway & Light Co., Ltd., of Santiago. He has long had wide interest in South and Central America.

Mr. Hollis is general manager and a director of the British Bank of South America, Ltd., which recently merged with the Anglo-South American Bank, Limited.

BANK PROPOSES CAPITAL INCREASE

A special meeting of the shareholders of the National Park Bank of New York has been called for July 12 to vote on a proposal to increase the bank's capital from $5,000,000 to $7,500,000. If the proposal is acted upon favorably, it is planned to offer the new stock to stockholders of record July 9, at par, in the ratio of one new share for each two old shares held.

GUARANTY WINS FIRST ADVERTISING PRIZE

At the convention of the Financial Advertisers Association held in Indianapolis early in June, the Guaranty Trust Company of New York was awarded a silver cup for the best complete exhibit of financial advertising. The cup was offered by Lewis E. Pierson, chairman of the board of the Irving National Bank of New York. The Irving was not a competitor for the grand prize this year, but did win the first prize for the best single advertisement. Third prize in the general competition was awarded the United States Mortgage & Trust Company of New York.



MISS AMY ROETTIG
Manager Publicity and Business Department, Marine Trust Co., Buffalo, N. Y.

NEW YORK FINANCIER SAILS FOR EUROPE

David H. G. Penny, vice-president of the National Bank of Commerce in New York, sailed for Europe June 5 on the steamer "Stockholm." He will visit the London and Copenhagen representatives of the bank and will also confer with a number of its foreign correspondents.

CHANGE OF QUARTERS

The Foreign Credit Corporation, acceptors and international bankers, formerly at 37 Liberty street, New York, has taken larger quarters on the ground floor of 30 Pine street, New York city.

New England States

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

CONDITIONS in New England do not vary greatly from those in other parts of the country, except that the drop in prices did not reach this section until it had attained quite substantial proportions elsewhere. However, now that the movement has set in it promises to assume quite definite proportions. The most remarkable feature of this whole situation is that price-cutting in retail lines has not yet brought about the rush of buying that many prophesied would result. Apparently the public has adopted a new policy of more careful and conservative buying and is going to stick to it. Business is good in all lines, but a far greater degree of conservatism is evident in retail buying, and is, naturally, reflected in the buying of jobbers and wholesalers. Leather prices are dropping and lower prices for shoes are predicted for the fall and winter. Shoe manufacturers and jobbers have reported many cancellations of orders and the return of substantial amounts of consigned goods, as retailers find themselves handicapped by late deliveries and a backward season. It is much the same story in wool, cotton and fabrics. Lower prices for clothing are predicted for the fall and winter and efforts of good merchandizers are all directed now to disposing of accumulated stocks of the higher-priced goods. Where a few months ago the call from consumers of shoes and clothing was all for the higher grade of goods at any old price, now the call is for the lower priced goods of substantial "money's-worth" quality.

Business embarrassments are still comparatively few and no great change is looked for in this condition even if business should "tighten up," for practically every business, large and small, has been forced by the operation of the credit system of the banks, to keep itself in pretty liquid form for the past three or four years. The raising of loan and discount rates at first had little effect in the demand for accommodations, but of late there has been a lessening of the demand in a slight degree. This is not so true in mortgage money matters as it is in the commercial lines, for the demand for mortgage money is still very insistent—and there seems to be a fairly good supply available. The high rates apparently offer no obstacle. Of course, the explanation, here in New England as elsewhere, is found in the generally under-built condition of every city and town. Rents are scarce and little relief is in sight. One redeeming feature of this complex situation, however, is the fact that hundreds and thousands of families are becoming home owners and are attaining closer relations with the banks than ever before. This is augmenting the class that is the greatest possible offset to the rampant radicalism of the day.

Transportation conditions in New England are slowly improving, but are still far from meeting requirements. Labor conditions are improving steadily. Radicalism has lost its fight in New England and the better element of labor is again in control. All in all, New England conditions are sound and satisfactory, and as New England's chief industries are nearly all of the "essential" class, New England business leaders view the future with courage and safe and sane optimism.

CONVENTION DATES

Investment Bankers Association—Boston, October 4-6.

NEW ENGLAND BANKS EXPANDING

The Workingmen's Coöperative Bank of Boston, a $9,000,000 institution, the largest in New England, is about to erect a six-story fire-proof building on Cornhill, run-

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital $300,000
Surplus and Earnings..... 170,580

Ralph H. Mann, President
J. Lewis Ellsworth, Vice-Pres. and Treas.
George E. Duffy, Vice-President.
Frederick J. Bye, Assistant Treasurer.

Send us your Massachusetts collections.

Deposit-Building Service for Banks

We offer to our bank correspondents, so that they may in turn offer it to their clients, a special service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

The Merchants National Bank of Boston

ning through to Brattle street, occupying the ground floor as banking rooms, with offices above. Thomas M. James, the Boston bank architect, is making plans for the building, and is also planning many other bank expansions, among which are the following:

The Stratford National Bank, Dover, N. H., is taking in additional space and making extensive alterations to present bank quarters.

The Springfield (Mass.) National Bank is about to extend its banking rooms by taking in the adjoining store and making various other alterations, including new safe deposit vaults with an additional capacity of 4,000 boxes.

The People's National Bank, Barre, Vt., is equipping new banking rooms.

The Park Trust Co., Worcester, Mass., is doubling its banking quarters by adding an additional store.

The Brockton (Mass.) Savings Bank, the largest savings bank in Plymouth County, is to enlarge its banking rooms and working space, put in new vaults, etc.

Industrial Trust Co.

(Pawtucket Branch)
PAWTUCKET, R. I.

Capital $3,000,000
Surplus and Undivided Profits 5,809,190

Chester A. Moffett, Mgr.
Chas. L. Knight, Asst. Mgr.
Ernest L. Moffitt, Asst. Mgr.

Collections on this city and vicinity solicited and promptly remitted for at lowest rates. (Succeeded First National and Pacific National Banks of Pawtucket.)

The National State Capital Bank, Concord, N. H., is enlarging its banking rooms and adding safe deposit vaults.

The Dedham (Mass.) Institution for Savings is remodeling and adding extensively to its banking quarters.

The Arlington (Mass.) Five Cents Savings Bank is moving from the second floor to the first floor quarters of the Menotomy Trust Company, which will remodel and occupy new quarters in another building.

The Metropolitan Trust Company of Boston is fitting up new quarters at the corner of Milk and Hawley streets, and will install modern bank fixtures and safe deposit vaults in the basement.

Mr. James is rapidly expanding his own business, having recently opened an office in Cleveland at 501 American Trust building, with Fred A. Wright, an experienced architect, in charge.

EDWARD A. DAVIS

At a recent meeting of the executive committee of the National Shawmut Bank of Boston Edward A. Davis was elected an assistant cashier. Mr. Davis is vice-president of the National White River Bank of Bethel, Vt. He has had twenty-five years' experience in the banking field and enjoys a wide acquaintance among bankers in the East. For the past two years he has been a member of the staff of the Federal Reserve Bank of Boston, acting as a representative of the bank in maintaining contact with the officers of member banks throughout the district.

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By Thomas Ewing Dabney

NEW ORLEANS, LA.—Because it is an agricultural section, producing the basic necessities of life, the South has not reacted as sharply to the curtailment orders of the Federal Reserve as other sections where manufactured products are the principal output.

The slow-down was disconcerting enough, but it has not been as disquieting in its effects as elsewhere. The principal concern the banks have is to keep enough capital to finance the crops, for which the demand was never so great. Investments of a permanent nature are therefore being discouraged. When the crops are liquidated, the capital will be available for another turnover—with profits. A section whose principal money needs are to raise food and produce material for building houses and making clothes, has an immense advantage over a community engaged in turning raw material into articles that can be dispensed with during a crisis.

Building operations of a speculative character have been stopped. And homesteads will not be as liberal in their loans. They will require a safe margin, they will scrutinize values, they will look into the financial responsibility of the prospective borrower. But neither they nor the banks are making a blanket refusal to handle legitimate and necessary construction.

Right on top of the financial crisis a local company announced plans to build a $1,000,000 cotton warehouse in New Orleans, similar in design and operation to the public cotton warehouse of the Dock Board—an announcement that is an eloquent commentary on the situation as it affects New Orleans. The facility is needed in the development of foreign trade. It reflects the production of the cotton sections, and the confidence they feel.

At the same time, the manager of a chain store is in the South with announced plans for opening branches in various cities of Texas, and perhaps other states.

When the directors of the Federal Reserve Bank, Sixth District, held their May meeting in New Orleans, the governor, M. B. Wellborn, seemed to think that the principal economy possible was in the direction of "pleasure" automobiles. At a speech before the membership of the Association of Commerce, he mentioned that business alone. "The automobile business has grown to large proportions and consumes credit and labor in a corresponding large degree," he said, "and while I am in favor of granting credits for trucks and tractors and cars used for strictly business purposes, I do not believe that the present is the time, when the credit structure should be called upon to bear the burden of financing automobiles that are used for pleasure purposes."

According to the Standard Motors Finance Company of New Orleans, only twenty-five per cent of the passenger automobiles purchased are for pleasure. This company finances the purchase of machines by individuals; since the crisis developed it has required proof that the machine is for business purposes and not for pleasure, and applications have dropped only twenty per cent. That the only business singled out for retrenchment by the governor of the Federal Reserve should be so little affected is another striking commentary on the situation as it applies to the South.

The planting of crops throughout the South was generally late. In some regions where tractors were in use, it is reported that lights were attached to the machines

Bank of Charleston N. B. A.

CHARLESTON, S. C.

Capital ..... $ 500,000
Surplus and Profits..... 800,000
Resources 15,000,000

E. H. Pringle, Pres.
E. H. Pringle, Jr., Vice-Pres.
R. S. Small, Vice-Pres.
A. R. LaCoste, Vice-Pres.
G. W. Walker, Cashier.
J. H. Lucas, Assistant Cashier.
C. N. Fishburne, Asst. Cashier.

Special attention given to city collections. Drafts on Charleston drawn with exchange remitted without charge.



Build Your New Bank So The Women Will Build Your Deposits

No use settling back in your chair with a determined firmness to your mouth, and declaring that fussing things all up for the convenience of women, is all poppycock.

Women have money these days. Furthermore, they will have more and more. The bank that caters to their business, *will get it.* Just as surely as will the department store, or millinery.

There are certain recognized vital requirements in making a special appeal to women depositors, with which, as specialists in bank designing, planning and building, we are fully acquainted.

You will be interested in the Underwood "Pay-as-you-go" form of contract. It works for satisfaction and economy. Send for figure facts.

BUILT BY UNDERWOOD U C C

Underwood Contracting Corporation

NEW ORLEANS, LA.

Atlanta National Bank
ATLANTA, GA.
The oldest National Bank in the Cotton States
Capital $1,000,000
Surplus and Profits..... 1,500,000
Deposits 24,000,000
Robt. F. Maddox, Pres.
F. E. Block, Vice-Pres.
Jas. S. Floyd, Vice-Pres.
Geo. R. Donovan, Vice-Pres.
T. J. Peeples, Vice-Pres.
J. S. Kennedy, Cashier.

and the work continued throughout the night.

It may be remarked here that Southern farm life is being rapidly motorized. The old time negro and the mule is merging into the picturesque past. The shortage of labor developed by the war, when so many men went to war and factory, is partly responsible for this; partly, too, is the better agricultural training of the men who raise our staples. The younger generation has been to agricultural schools and knows the latest short-cuts to production and efficiency methods. Even on the Mississippi coast, a region very backward agriculturally, tractors are multiplying.

Reports from the agricultural sections are to the effect that more fertilizer is being used this year than last.

The boll weevil has put in an appearance in Alabama and Georgia. In the latter state many acres of cotton have been plowed up and put into food crops.

Georgia and Louisiana both show a decrease in cotton acreage, but Mississippi shows an increase.

Tennessee's wheat crop, according to latest reports, will be the smallest since the early 70's, and the condition is the lowest on record for many years. Tennessee also has a short hay crop, and its live-stock industry is at a low ebb.

Bankers and others who have made a study of the situation are stressing the importance of live stock.

Reports of other crops are encouraging. The cabbage yield was the highest since 1916. The potato crop will beat last year's. Other crops are doing nicely.

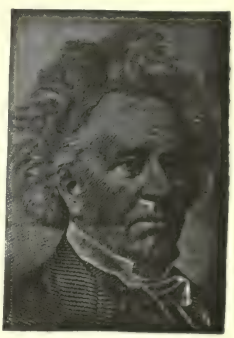
Because of unfavorable conditions, the naval stores production is backward. Rosin has advanced and there has been a small advance in turpentine, because of the light receipts. The labor situation is clearing up —there are fewer complaints from operators —and the prediction is made that the naval stores crop will be greater than last year's, although the season is backward.

Business generally is good; sales hold up surprisingly well, in spite of the financial curtailment. Stocks on hand are considerably limited in many lines, and while their total value at present prices is probably greater than the amount carried last year, the number of units is considerably smaller. Retailers are everywhere conservative.

Because of the car shortage, the coal production of the Birmingham, Ala., district has been held down. The railroads of the South have practically all placed their orders for fuel for the next year, and the amount in every case was larger and the price higher than ever before.

Pig iron production in Alabama shows an increase over last year. Figures for the first four months of 1920 give a total output of 786,095 tons, against 704,412 tons for the same period in 1919.

Southern furnace companies are beginning to ask more for their pig iron and a little


Our first President
Merchants National Bank
RICHMOND, VA.
Capital . . . $400,000
Surplus and Profits over 1,800,000
The Gateway to and Collection Center for Southeastern States
Send Us Your Items
"ON TO RICHMOND"

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank

Baltimore, Md.

Capital, $1,500,000 *Surplus, $1,000,000*

WALDO NEWCOMER, President
SUMMERFIELD BALDWIN, Vice-President
PAUL A. SEEGER, Vice-Pres. CLINTON G. MORGAN, Vice-Pres.
JOSEPH W. LEFFLER, Cashier WILLIAM R. WEBB, Asst. Cash.

tonnage has been booked at $43 and $44 a ton. Home consumption continues strong, and prospects are that the various plants in the Birmingham District and in Southern territory will keep in operation for several months, with upwards of sixty per cent. of the probable make of last year already sold.

Southern steel plants—those manufacturing steel and fabricating steel—are well supplied with orders and are working full time.

ELECTIONS AT THE CITIZENS OF BALTIMORE

Edward J. Lucke, formerly vice-president of the Calvert Bank, has been elected vice-president of the Citizens National Bank of Baltimore, and Harry E. Ford and Charles K. Hann have been appointed assistant cashiers.

ANNUAL REPORT OF MARYLAND'S COMMISSIONER

The assets of Maryland's state banks and trust companies have increased $52,927,435 since December, 1918; deposits of all institutions increased $55,032,459 during the same twelve months. The mutual savings institutions of Maryland, according to George W. Page, bank commissioner, have deposits of $120,411,105.

LOUISIANA BANKERS ELECT NEW OFFICERS

Officers elected for 1920-21 by the Louisiana Bankers Association assembled in convention at Alexandria are:

President, Ben Johnson, president Bank of Commerce, Mansfield; vice-president, Eugene Cazedessus, vice-president Bank of Baton Rouge; secretary, J. C. Barry, cashier Bank of Lafayette; treasurer W. J. Mitchell, vice-president Commercial National Bank, New Orleans.

Atlantic Savings Bank

CHARLESTON, S. C.

Capital $200,000
Surplus and Undivided Profits 297,270
Deposits over 3,698,000

Henry Schachte, Pres.
J. H. Jahnz, Vice-Pres.
Walter Williman, Cashier.
A. C. Koster, Assistant Cashier.

H. M. WEBSTER & COMPANY

23 West 43rd Street, New York City

Public Accountants - Auditors - Production Engineers

AUDITS - SYSTEMS - TAX SERVICE

FINANCIAL AND PRODUCTION MANAGEMENT

CONFIDENCE is the basis of credit in every business relation. Audits and investigations by this company are safeguarded in accuracy by the most modern methods of accountancy, in clearness and practicability by the broad business judgment and financial experience of the supervising executives. Their reports are trustworthy foundations upon which commercial confidences can be soundly established.

Telephone—Vanderbilt 1908

MODERN SKYSCRAPERS UNDER CONSTRUCTION FOR LOUISIANA BANKS

At Monroe, Louisiana, work is under way on a ten-story bank and office building for the Ouachita National Bank, and over at Crowley, La., the erection of an eight-story structure for the First National Bank of Crowley is progressing splendidly.

Both buildings are being erected by the Underwood Contracting Corporation of New Orleans.

FRED ELLSWORTH WILL PRESIDE OVER "400" THIS YEAR

Enjoying the distinction of being the only known bankers' organization possessing a substantial waiting list, the Association of Reserve City Bankers assembled in Cleveland recently and chose Fred Ellsworth as their president for the current year. Mr. Ellsworth, formerly of the Guaranty Trust Company of New York, is now vice-president of the Hibernia Bank and Trust Company of New Orleans.

The Reserve Bankers—membership limited to 400—will hold their ninth annual convention next year in Buffalo.

HIBERNIA SECURITIES CO. ORGANIZED BY HIBERNIA BANK

Announcement is made by R. S. Hecht, president of the Hibernia Bank and Trust Company of New Orleans, that all of the investment business heretofore transacted by its bond department has been transferred to the Hibernia Securities Company, Inc. The main office of the securities company is located on the third floor of the Hibernia Bank building with a direct wire running

Opelousas National Bank

OPELOUSAS, LA.

Capital $50,000
Surplus and Undivided Profits 106,300

E. B. Dubuisson, Pres.
C. L. Dupre, Vice-Pres.
Chas. F. Boagni, Vice-Pres.
A. Leon Dupre, Cashier.
M. J. Pulford, Assistant Cashier.

Charter No. 6920. Began business October 1, 1903. Collections solicited.

The Largest Selling Quality Pencil in the World

VENUS

VENUS PENCILS

FOR officials of great financial institutions and their staff alike, Venus Pencils save time, labor and money, because their silky smooth, non-crumbling leads assure utmost economy in all three.

17 degrees of hardness and softness (6B to 9H)

B's indicating softness
H's indicating hardness

2H or H for ledger footings
F or H B for general writing
B or 2B for stenographic work

Plain Ends, per doz. . . $1.00
Rubber Ends, per doz. . $1.20

At stationers and stores throughout the world

American Lead Pencil Co.
214 Fifth Ave., Dept. B
New York
and London, England

VENUS

The Corporation Manual

Twenty-first Edition—1920

A Handy Reference Book of 2421 Pages Clearly Printed on Good Quality Paper—Strong Buckram Binding. A Systematic Arrangement of the Statutes Affecting: Both Foreign and Domestic Business Corporations; The Uniform Stock Transfer Act: The Blue Sky Laws; The Anti-Trust Laws; Forms and Precedents.

United States Corporation Company

65 Cedar Street, New York

to the branch office in New York at 44 Pine street.

P. H. Wilkinson, heretofore bond officer of the Hibernia Bank and Trust Company, has been elected a vice-president of the Securities Company, in charge of the bond department; Joseph J. Farrell, heretofore assistant bond officer, becomes assistant secretary, and George H. Nusloch and J. Albert Baudean, respectively sales manager and assistant sales manager, now occupy similar positions in the Securities Company.

HIBERNIA BANK OPENS SUMMER VACATION HOME

The Hibernia Bank and Trust Company of New Orleans has made ready for the welfare of its employees during the summer months. The bank again has secured a summer home at Pass Christian, Miss., which will be exclusively maintained for the use of employees of the bank and their families.

It faces upon an excellent beach, and is provided with a private pier and bathhouse. Resthaven opened on May 22, and will remain open until the fall.

W. R. Rison Banking Co.
HUNTSVILLE, ALA.
Capital $100,000
Surplus and Undivided Profits 165,820
A. L. Rison, Pres.
Harry M. Rhett, Cash.
Collections will receive prompt attention and be remitted for on day of payment. Established 1866.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa and Missouri.

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By Charles L. Hays

AWAKENING of the commercial borrower to a realization of the need of credit conservation has been the salvation of the financial situation in the central west. This internal cure, self-applied, has been more efficacious than any pressure of "moral suasion" from outside or discrimination on the part of individual bankers and, it is believed, has brought the demand for loans under control. The change that has occurred in the last month is in the direction of improvement; but it is not so much a matter of the loan totals of the banks, which are still very high, as it is psychological. The demand for money for several weeks has hung at a balance, almost stationary, but is noticeably less insistent than it was last month.

Commercial paper is on a basis of about 7½ per cent., most of the transactions being at that figure, although there are some at the extremes of the range—7¼ to 7¾. Other forms of accommodation are at 7 to 7½ per cent. The city banks are not taking much paper, while the demand from the country is "spotty," with some indications of improvement where delays to shipments of farm products have been leased.

Inadequate transportation is still the great obstacle to a return to normal conditions. All industries have felt the crippling effect of the slow movement of raw materials and lack of fuel. The movement of grain to terminal markets has been increased by the emergency measures of the interstate commerce commission in hastening some thousands of cars from eastern to western territory for this purpose, but the railroads as this month opened had made little headway in relieving the congestion of miscellaneous freight and there seems small prospect of permanent improvement until the whole railroad labor problem is adjusted. The railroal labor board, sitting in Chicago, is going about the matter thoroughly and in a manner that gives promise of constructive results, but some weeks will be required for the completion of its hearings and the working out of a just schedule of compensation. Meanwhile it is probable that the impasse in relations with the "outlaw" strikers will continue until this wage settlement is effected.

While hardly any industry or interest has escaped the blighting effect of the blockade, the steel and iron plants and those dependent on them for part of their materials have been hit the hardest. Fair progress toward resumption of operations was made through May and the output of the mills was increased to about seventy-five per cent. of their capacity; but in the latter part of that month there was another setback, more blast furnaces had to be shut down and operations again fell slightly below the figure mentioned. This aggravated the difficulties under which automobile, implement and other manufacturers had been laboring and instances of partial or complete shutting down of plants were not infrequent. This latest complication was due to a shortage of coal, inability to obtain cars having compelled a curtailment of mining operations to fifty per cent. or less in some of the most important fields.

The federal reserve bank position does not show much improvement. The amount of reserve notes in circulation is near the recently recorded high record mark of $531,000,000. There has been a slight decrease in rediscounts by member banks, but in order to keep its reserve ratio above the legal minimum the reserve bank still finds it necessary to rediscount some of its paper with other reserve banks. The amount, however, is now only about $26,000,000, as compared with $42,000,000 a few weeks ago. Here

Alexander Co. Nat. Bank

CAIRO, ILL.

Capital $100,000
Surplus 100,000

D. S. Lansden, Pres.
Chas. Feuchter, Jr., Vice-Pres.
J. H. Galligan, Cashier.
Frank Spencer, Assistant Cashier.

Send us your Cairo items. Satisfaction guaranteed.

To Bankers

THE Moline Plow Company's Dealers' Contract is an expression of our earnest conviction that our own success depends on our constructive development of the two chief elements of community service—Retailer and Bank.

We seek, therefore, to attract the most progressive merchant and the best bank in each community, by a contract with one, and a policy toward the other, which offer to both an unprecedented opportunity and a mutuality of interest and profit.

We shall be glad to answer the inquiries of any bank or merchant.

MOLINE PLOW COMPANY
Moline, Illinois

also the fact that the demands on the bank are about stationary and are not growing any heavier may perhaps be regarded as an encouraging change.

More bankers of prominence are turning with favor to the idea discussed in this correspondence last month that regulation of credit by the reserve banks cannot be made effective until the rediscount rate is maintained at a level higher than the open market rate. It is learned that this subject was considered seriously at the recent conference in Washington of members of the Reserve Board and class "A" directors, but it was not thought advisable to undertake any radical change under existing conditions and so a continuation of the advisory method of restriction was decided on. The proposition was accompanied by the suggestion that the rediscount rate on paper secured by liberty bonds should be made the same as that for other classes of paper. This would do away with the preferential treatment of these loans which was allowed under the pressure of supposed necessity at the time when both the banks and the Reserve Board were eager to do all that possibly could be done to facilitate the flotation of securities for the raising of billions for war purposes. Bankers who favor such a step believe that it would remedy one of the chief sources of embarrassment in the present situation—the clogging of the Federal Reserve system with large amounts of liberty bonds—long-term, non-liquid securities which it was never intended the Reserve System should carry—and hasten the lodgment of these bonds with those who appreciate their advantages as investments enough to hold them permanently.

Bankers expect that if the present favorable course of events shall continue for a month or so longer there will be an interval of more comfortable conditions before the heavy demands of the crop-moving season put in an appearance, but they are not expressing that opinion very loudly, for fear of inciting another rush to borrow, which would undo all that has been accomplished in the way of creating a public sentiment which has proved to be the strongest corrective agency now at work.

In spite of the handicaps suffered by manufacturers and the serious difficulties in the way of distribution of materials and products, it is a surprising fact that retail business holds up to the record-breaking proportions that have prevailed since the first of the year. May set a new high mark for the movement of merchandise of all kinds, notwithstanding the fact that unsea-

First 1st Chicago

Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over $380,000,000

COMPLETE FACILITIES *and* PERSONAL SERVICE

THE Northern Trust Company-Bank has this to offer in representing the interests of out-of-town banks and business men generally:

The services of a complete banking institution, embracing departments of Banking, Bonds, Trusts and Savings.

This bank preserves a real personal interest in the financial affairs of its customers, thereby rendering a more helpful service.

THE NORTHERN TRUST CO.-BANK

N. W. CORNER LA SALLE & MONROE STS.

Capital and Surplus $5,000,000

sonably cool weather delayed the spring demand several weeks. But in this field also there has appeared a change that is significant of the times. Buyers are just as eager as ever, and their expenditures as large; but they are more insistent about getting value for their money than they were a few weeks ago. There is less extravagance and recklessness, but the preference for goods of best quality continues. Merchants, on their part, are more energetic in pushing their goods. Sales are made more attractive and concessions in prices are more frequent. The public response to these offerings is good, so that the volume of business is maintained at a high level in the face of conditions which would seem to make for a slowing up. Price reductions have been moderate and confined principally to ready made clothing, men's and women's, shoes and silks. It is perhaps too early to assume that they mean a definite downward revision, for there is undoubtedly shortage of goods in most of the important lines of merchandise and production is still below consumption. They may, however, represent a pruning of excessive profits; and this in itself is regarded as a wholesome development. In food products there is hardly any recession. In some lines, notably canned goods, the trend of prices is upward and this is likely to continue until the new pack comes to market.

The course of building operations is very disappointing. At the time when an enormous amount of construction work was in the preliminary stage materials were excessively high, and stocks were low, while wages of all the trades were at $1.25 an hour, with common labor at $1. This caused the abandonment or indefinite postponement of a large amount of projected building and operations have been confined to industrial construction or the erection of dwellings where the promoters felt reasonably sure that the seriousness of the housing situation would take them off their hands quickly regardless of price. Now lumber is cheaper and prices for some other kinds of materials are lower; but it is doubtful if the boom can be revived in time to gather much headway before cold weather.

Crop prospects are good in all the central states, but the acreage has been reduced materially because of the shortage of labor on the farms. Cool weather has made the season two or three weeks late, but growing

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BANKS AND BANKERS DEPARTMENT

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conditions have been good and there is reason to believe that the harvest may be better than the earlier reports indicated, especially as to wheat. High prices still afford a strong incentive to farm activity and the full effect of this stimulus cannot be estimated until returns are received at the end of the planting season.

The seriousness of the farm labor situation is strikingly set forth in a recent report of the Michigan crop reporting service, which describes conditions that may be taken as fairly typical of those existing in most of the states in this district. This report shows that 8.74 per cent. of the farms of the State of Michigan are idle this year, an area of about 1,668,000 acres. The total number of men and boys over 15 years of age on farms of that state is 230,000, or 82.5 acres to be worked by each man or boy. In all there are 18,232 farms idle in Michigan this year, as compared with 11,831 last year. Moreover, a large percentage of the men on the farms are more than 50 years of age and without help. The average size of farms is 91.5 acres and there are but eleven men and boys to each ten farms with many of these unfitted to do an able-bodied man's work. There are 30,300 vacant houses on farms, 10,000 of which have been vacated within the last year, according to the Michigan report.

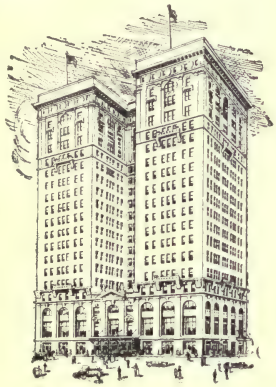


CONVENTION DATES

Farm Mortgage Bankers—Kansas City, September 14-16.
Indiana—Indianapolis, October 6-8.
Kentucky—Louisville, September 7 and 8.
Minnesota—Duluth, July 7-8.
Ohio—Cedar Point, July 15-16.

EMPLOYEE INSURANCE POLICIES DISTRIBUTED BY FIRST NATIONAL IN ST. LOUIS

Each employee of the First National Bank in St. Louis who has been in the bank's service for three months has been presented with a life and disability policy terminating when the employee leaves for any reason. This forward step in welfare work represents but a single phase of the personnel work undertaken by the bank's executive board. Among the employees' activities may



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First National Bank

Minneapolis

Capital and Surplus Ten Million Dollars

be mentioned the publication of a house organ, the maintenance of a summer camp, and a winning baseball team.

AN ACTIVE FOREIGN DEPARTMENT

Under the management of Roderick P. Fraser the foreign department of the Peoples State Bank of Detroit has been exceedingly well organized and developed. Mr. Fraser came to Detroit in February last and since then has established direct connections with practically every country in the world, and the bank is now in a position to operate directly in the purchase and sale of foreign exchange and to finance the exportation and



R. P. FRASER
Manager Foreign Department, Peoples State Bank, Detroit, Mich.

importation of goods. The bank issues its own letters of credit and for this purpose has secured correspondents in all countries. Quick service in the purchase of foreign exchange has been assured through special arrangement with a New York representative.

The foreign department publishes every month a pamphlet entitled "Foreign Trade Opportunities" and also publishes regular statements of the exports and imports passing through the Port of Detroit.

CHICAGO WOMAN MAKES NAME FOR HERSELF SELLING BONDS

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The National Bank of Commerce

IN ST. LOUIS

reputation for herself as director of the women's department of the Federal Securities Corporation of Chicago. Her department has been a great success from the start, due to Mrs. Stern's ability to approach women investors with the technique of investments in exactly the same manner that a salesman would present an offering to men.

AMERICAN STATE BANK OF DETROIT ENLARGING

Announcement of the opening of two new branches calls attention in a forceful way to the evident prosperity enjoyed by the American State Bank of Detroit. One new branch is located at Woodward avenue and the Boulevard and the other at Jefferson avenue and Alter road. The bank now has seventeen branches all told.

MAINTAINS A TRAFFIC BUREAU TO SERVE CUSTOMERS

A new departure in up-to-dateness has been inaugurated by the Continental and Commercial Banks of Chicago which has employed a traffic expert and placed him in charge of a traffic department. Nothing like the conveniences of this bureau as an aid to routing domestic and foreign shipments of goods has ever before been attempted, and the service is extended to every one of the bank's customers, big or little. The information available ranges from sailing dates to the locations of all foreign consuls.

DAVID R. FORGAN'S DEFINITION OF A BANK

Recently when the National City Club of Chicago, the members of which are employees of the National City Bank of Chicago, held their annual banquet at the Hamilton Club, President David R. Forgan expressed himself of this apt definition of a bank:

"A great many people think of a bank as a place to put away money and when they want it to go and get it again—but that is not a bank—that is a safe deposit box. A bank is a manufacturer of and a dealer in credit."

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Why exchange rises and falls as it does, what can be read from its movements and how merchants and bankers take advantage of them, the effect that these movements exert on the other markets—these and like questions are taken up in the first part of the book. The second part describes intimately the practical operation of exchange and the exchange markets, and contains special chapters on arbitrage, international trading in securities, the financing of exports and imports, gold shipments, and other important phases of the subject.

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Western States

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ECONOMIC CONDITIONS IN THE WESTERN STATES

By Samuel Sosland

BLOOM conditions are not apparent in the business of the Western States as a whole, yet it is quite generally evident that underlying factors improved the past month. First, crop prospects have brightened. While money is still tight, with nervousness in some quarters over the manner in which new crop demands will be met, the growing appreciation of the need for conserving credit resources is very encouraging. Although the Interstate Commerce Commission has come to the aid of the Western states with a special order giving this portion of the country needed box cars, the transportation situation continued a serious handicap.

On the farms and on ranges the outlook for large yields of cereals, cotton, live stock and other products is more gratifying than at any other time this year. Notable among the changes of the past month was the heavy increase in the estimated wheat production of Kansas. Instead of anticipating a crop of 95,000,000 bushels of wheat, grain dealers, millers and others are now estimating a harvest of 110,000,000 to 125,000,000 bushels for Kansas. Texas has received needed moisture on cattle ranges and is complaining of an excess of rainfall in her important cotton districts. But the Texas outlook is still bright, with her pastures, which are the source of much wealth, in excellent condition. This is reflected by the unusually early movement of grass-fat cattle out of the Lone Star State, which is the country's premier beef grower. In the Dakotas the spring wheat crop is described as in good condition, with a reduced acreage in South Dakota. The winter wheat plant in Nebraska is thrifty, although it has been growing slowly thus far this season. In the winter wheat belt as a whole, the crop is later than usual, but the cool weather which has prevailed prevented excessive growth of straw and will in the end prove helpful in raising the yield per acre.

As Kansas, Nebraska and Oklahoma have less land in wheat, their areas seeded to spring crops have been increased. With ample moisture, corn, sorghum grains and oats should assist materially toward enlarging the production of new wealth. Another important crop in the Western states, hay, is more promising than at this time last year. New Mexico, Texas and Oklahoma have already harvested new crop alfalfa, and some of this hay is moving into commercial channels. Colorado and Kansas expect heavy alfalfa crops. More sunshine is needed for the hay and for corn, too. Prairie districts report a heavy growth in meadows. The fruit outlook is close to the average of recent years.

Prices for cereals, hay and other crops

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continue unusually high and satisfactory to producers, but the lack of transportation facilities is hindering marketing. While Kansas City, for example, is receiving about 800 cars of old crop wheat weekly, the movement to that market ought to be about 800 cars daily to enable Kansas and neighboring states to dispose of their unprecedented stocks of the grain. Enormous quantities of hay, sorghum grains and flour are also awaiting shipment at Kansas, Oklahoma and other shipping stations in the vicinity of these states. Wheat prices are around $3 a bushel, with the passing of the war-time control of the trade in that grain on May 31 having resulted in no disturbance in markets. As foreigners have been making some purchases of wheat for August and September delivery at premiums over current prices, there is a feeling that all wheat growers can count on another year of high markets. Bankers are urging the restoration of markets for wheat futures to provide a hedge, but some members of the trade are hesitant about reopening the speculative pits at Kansas City, Chicago, St. Louis and Minneapolis because of the abnormal transportation situation and the possibility that European buyers may absorb more of the grain through future purchases than this country can spare. Corn is very high mainly because railroads are unable to make liberal deliveries to markets. There is no profit in feeding corn at present prices to cattle or hogs. Oats remain high because of the short crop of last year. Flour is acting in sympathy with wheat and is also affected by the shortage of cars, many millers being unable to make shipments on old orders.

In the live stock industry, which is very vital to the Western states, more encouragement can be found in the pasture situation than in any other phase of the business. After a trying winter and spring and a year of drouth, Montana, Wyoming and Dakota stockmen see good grass ahead. Colorado pasture conditions are favorable. Kansas, Texas and Oklahoma could hardly ask for better grass than they are reporting. In Kansas and Oklahoma, however, there are many idle pastures on account of the tight-

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Capital $1,000,000
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ness of money and the losses on grazing last year, which have combined to check purchases of cattle. Wyoming, Montana and Colorado could carry more stock than they have on hand, this being particularly true of Wyoming and Montana, which were forced to liquidate thousands of cattle and sheep last year on account of drouth. The supply of hogs in the areas of the Western states producing this stock is light. Owing to the bearish influence of the money markets, cattle and sheep prices have tended downward, and more declines are probable. Cattle are already at the lowest level in more than two years, with sales of feed offerings showing heavy losses for feeders. Many steers have been selling at a loss of $100 or more a head to the feeders. An easier tone is also apparent in horses and mules. The disruption of transportation by the strike of switchmen, which is gradually passing, acted as a bearish influence on live stock markets. Weakness prevails in hides and wool.

More conservatism has been engendered by tight money in the oil industry, but there is still great activity in drilling, with new records in production reported for Kansas and Oklahoma fields. Crude prices are unchanged, while gasoline and many other refined products have advanced. Gasoline was never before so high. New development work would be more active except for the high cost of materials and the strained credit situation.

In other industrial enterprises of the Western states, notably the lumber and mining business, incomes have been reduced. Sharp declines have been recorded on lumber, as loan rates have stopped many new building projects. In Montana the copper producers still lack a broad demand. Silver mining in Colorado has suffered a setback owing to the slump in the silver market. Kansas, Missouri and Oklahoma zinc and lead interests are experiencing low markets.

Mercantile trade in wholesale and retail fields is less active, but a large volume of business is reported. The uncertainty over prices, the growing feeling that declines are inevitable, a slight slackening in the employment of labor, and the lack of abundant credit make for growing cautiousness in mercantile business. The influence of tight money is gradually reaching the masses, bringing about a cessation of wild spending, halting real estate speculation and forcing a big drop in sales of automobiles. The

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automobile distributors have been hard hit by tight money.

With the new wheat harvest approaching, with some new hay and wool already gathered and with other new crops to finance, the fact that a condition of stringency prevails today in the money markets of the Western states is not favorable. During the past month the Federal Reserve Bank of Dallas, in Texas, and the Federal Reserve Bank of St. Louis, in Missouri, adopted progressive rates of discounts largely along the lines followed by the Federal Reserve Bank of Kansas City, the first central institution to institute that system. As Chicago has since followed New York Federal Reserve Bank in raising commercial and agricultural discount rates to 7 per cent., there is no lack of pressure to reduce borrowing. It is a peculiar and interesting fact that, with the New York and Chicago Federal Reserve Banks charging a flat 7 per cent. rate on commercial discounts and the Kansas City Federal Reserve Bank using the progressive system with a normal 6 per cent. rate on commercial discounts, the cost of all of the discounting at the Kansas City Central bank will not be so high as at Chicago or New York, yet the progressive plan, with its unlimited charges on excess loans, will probably act as a stronger influence against expansion and for deflation than the straight rate advances of the larger Federal Reserve Banks.

Live stock interests of the Southwest, headed by Kansas City commission dealers and stock yards bankers, have asked for a special government deposit of $10,000,000 at the Federal Reserve Bank of Kansas City to assist in financing cattle operations. Exporters of wheat, flour and petroleum products have requested that their loans created in the process of delivering what they sell for export from the points of production to the seaboard ports be excluded from the progressive rates at the Kansas City, Dallas and Atlanta Federal Reserve banks. They urge, among other things, that more than double the normal time is now required to make deliveries on export sales and that their business brings new money into the country. The exclusion of grain paper in general from the progressive charges has also been proposed as an aid in financing the new crop movement. These proposals are interesting because they emphasize the tightness of money in the Western states. This tightness would not exist at Kansas City if its trade territory did not have record holdings of unsold crops. It is probable that, as the car situation cannot improve materially, the lack of transportation will force farmers to hold back more new wheat than ever and thereby tighten the strain of new crop financing on money markets, which are already tight. But this will tend to prevent general business in the Western states from gaining the momentum usually derived from generous harvests.

CONVENTION DATES

North Dakota—Valley City, July 14-15.
Montana—Butte, August 6-7.

ANNUAL REPORT OF THE THE MONTANA BANKS

In presenting his annual report to the Hon. S. V. Stewart, Governor of Montana, H. S. Magraw, state examiner, cites the fact that during 1919 the resources of the state and private banks reached the highest point in the history of the state—$172,179,020. Savings deposits increased in one year from $29,861,307 to $41,027,733.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska.

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. Donnellan.

NEW financing is practically at a standstill. The policy of the banks, as dictated by the Federal Reserve Board, has affected a curtailment of commercial credits. Many corporations and firms in need of funds are securing them through the sale of their Liberty bond holdings, preferring to take a woeful loss to applying to the investment market for new capital under the high rates prevailing.

The sale of $1,200,000 City of Los Angeles harbor improvement 6 per cent. bonds at auction in Los Angeles, has been one of the main topics in bond circles. The price paid by a syndicate headed by the Bank of Italy and Blankenhorn-Hunter-Dulin Company was par and a premium of $18,500. This is the first instance in which a California municipal issue, legal for New York and Massachusetts savings banks, has been put out bearing 6 per cent., and the first time the City of Los Angeles has ever issued bonds bearing on their face more than 4½ per cent. interest.

Owing to the congestion of freight traffic induced by the strike, and a dearth of rolling equipment, wholesalers and jobbers are experiencing difficulty in securing goods from Eastern points and business is being carried on under considerable handicap. Reports from the retail trade show a business twenty-five per cent. ahead of last year. The wave of price reductions which swept the country during the past month made itself felt also upon this Coast, indicating a systematic effort to move stocks, liquidate indebtedness, and bring about an orderly deflation. Collections are fair.

Prospects for crops throughout the Twelfth Federal Reserve district are better than they have been at any time this year, in spite of the fact that the season is four to five weeks late. In California lack of rain and cold nights have delayed crops but in the Pacific Northwest good rains and snows have assured abundant moisture. In the wheat states the wheat yield will be about eighty per cent. The Inland Empire, of which Spokane is the center, anticipate a wheat crop of 100,000,000 bushels. As the government price guarantee is off May 31, bankers of this section, with the wheat price uncertain, have before them the problem of financing this crop movement. Fruit canners in California are facing a trying season by reason of the high cost of sugar and an inability to secure adequate supply of tins and other materials.

Unfavorable range conditions in the Inter-mountain territory have necessitated feeding at great expense, but this has its compensation to some extent in the heaviest wool crop in years. Montana experienced one of the worst winters in her history, coupled with an acute feed shortage. Cattle and sheep are thin.

Oil production is practically normal but the increasing consumption domestically and growing export demands have outstripped production to such an extent that the oil companies through their stations are refusing to sell motorists gasoline in quantities of over five gallons at a time, and then only when tanks are practically exhausted. Commercial vehicles are being taken care of, however. The situation has spurred on a vigorous oil seeking campaign over a wide area in California, Oregon and Nevada and many new wells are being sunk.

West coast lumber mills are maintaining a high average of production and have been able to restock their yards. The output now is nearly normal. Rail movements are heavy and export shipments are large, as they have been for several months.

In the Hawaiian Islands capital reflects the same conditions as those prevailing

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here, that is, the financing of huge crops at high prices through bank loans. The Japanese labor strike in the sugar industry has been a losing one and is no longer a factor. Not a single plantation was tied up. Pineapple growing is becoming an ever increasing and important source of revenue to the Island planters and they cannot raise enough to supply the demand.

CONVENTION DATES

Arizona—Douglas, Nov. 12-13.

CONSOLIDATION OF WELL-KNOWN SAN FRANCISCO BANKS

Plans for the consolidation of the Mercantile National Bank and the Mercantile Trust Company with the Savings Union Bank and Trust Company have been worked out and sent to the stockholders. As a national bank cannot consolidate directly with a state bank the plan provides for the combining of the Mercantile Trust and the Savings Union Bank and Trust into a consolidated bank to be known as the Mercantile Trust Company and the absorption of the Mercantile National Bank, which is to be liquidated at once. The capital of the new bank is to be $4,000,000.

A. I. B. INSTALLS NEW OFFICERS

The local chapter of the A. I. B. installed its new officers at a meeting last month at which retiring president Howard J. Moore, of the First National Bank, reviewed the growth of the chapter. The present membership is 1,640, exceeded only by the New York and Chicago chapters, and representing a growth in six years of one hundred per cent. The new officers are A. J. Gock, assistant cashier Bank of Italy, president; W. D. Lux, assistant cashier Crocker National Bank, E. L. McCargar, First National Bank, and J. M. Turner, Federal Reserve Bank, vice-presidents; C. V. Newell, Crocker National Bank, treasurer, and John S. Wilson, secretary.

NEW PRESIDENT OF WELLS FARGO NEVADA NATIONAL BANK

F. L. Lipman, first vice-president, has been elected president of the Wells Fargo Nevada National Bank to succeed the late I. W. Hellman, Jr. Mr. Lipman has been with the bank for thirty-seven years and is well-known as one of the ablest bankers and business men in the West as well as a deep student and thinker on economic subjects. His has practically been the directing hand of the bank's affairs for several years. At the Union Trust Company, of which I. W. Hellman, Jr., was also president, vice-president Charles J. Deering was chosen to succeed. Mr. Deering has been with the institution since its founding in 1893. H. G. Larsh, cashier of the Union Trust, was elected vice-president, and F. J. Brickwedel, assistant trust officer, was made cashier at the same meeting.

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Canada

ECONOMIC CONDITIONS IN CANADA

By J. W. Tyson.

CANADA'S taxation program as embraced in the budget of Sir Henry Drayton, Minister of Finance, arouses interest not only because of the rather strenuous proposals to raise sufficient revenue to meet all current expenses for the year but because of new departures both as regards details of the various levies and the methods of collection. An army of tax collectors has been conscripted by the government; practically every retailer, wholesaler, jobber and manufacturer in the country automatically became a working servant of the government when the new taxes went into effect, and this apart from the previous income and excess profits levies. The turnover tax of one per cent. on every transaction—except in foodstuffs—is the most radical of the various proposals and collection is in the hands of the business community.

In addition to the turnover tax, which may run from 1 to 5 per cent. before the consumer is reached according to the number of times the goods are turned over, heavy excise taxes—as high as 15 per cent. —are placed on motor cars and other luxuries; articles of apparel, excepting those of moderate value carry a tax of 10 per cent.; the war-time customs duty of 7½ per cent. additional is withdrawn; excess profits taxes are modified with a minimum of 10 per cent. instead of 7½ per cent.; there are additional stamp taxes on bills of exchange and promissory notes of $100 and over, etc.

As regards such new taxes as those on turnover and on luxuries experience is proving that it is a much more simple matter to propose them than it is to apply them equitably, even with the co-operation of practically every business man in the country. Between protests against discrimination and requests for interpretation of the various schedules Ottawa has been bombarded from every part of the country. Rulings are being given "off the bat" and they are not giving very general satisfaction. In fact the attitude seems to be that everything must be in favor of the government if there is any reason for doubt the collector makes a ruling that brings in the greatest possible revenue.

There is a great deal of speculation on the part of the business and financial community as to how the new taxes will be absorbed. Of course the theory is that they are to be passed on to the consumer but experience is already proving that this is very difficult to work out and some manufacturers are coming to the conclusion that they will have to absorb them. While it might be possible to assess the consumer on more expensive articles it is being pointed out that it would be impossible to do so where the price is under a dollar, particularly where there is an advertised and recognized price.

Then there appears to be a tendency in these turnover taxes to eliminate the middleman. An article which reaches the consumer through retailer, wholesaler, jobber and manufacturer would be bearing a tax of four times one per cent. while a similar article manufactured by a big mail order house and sold direct to the customer would only pay the tax once. This appears to be a big advantage for the manufacturer or importer to consumer arrangement. How far this tendency will be carried is only one of the many interesting phases of the new program.

Public complaint against the new taxes is tempered by the realization of the national financial problem which has to be faced. The national debt is now around the $2,000,000,000 mark and when it is pointed out that whereas this was swelled by nearly $400,000,000 last year it is proposed to make revenue and expense balance for the present fiscal period it will be appreciated that the Minister of Finance was faced with a difficult task. If Canada can successfully shoulder the great burden created by the war and in the next year meet all charges on the basis of revenue the Drayton budget promises to justify itself especially if the government displays rea-

The Merchants Bank of Canada

Statement of Liabilities and Assets at 30th April, 1920

LIABILITIES

1. To the Shareholders	1920	1919
Capital Stock paid in	$8,400,000.00	$7,000,000.00
Rest or Reserve Fund	8,400,000.00	7,000,000.00
Dividends declared and unpaid	338,159.22	194,194.00
Balance of Profits as per Profit and Loss Account submitted herewith	260,774.98	574,043.32
	$17,398,934.20	$14,768,237.32
2. To the Public		
Notes of the Bank in Circulation	$14,791,027.00	$13,316,033.00
Deposits not bearing interest	45,368,876.69	43,552,214.61
Deposits bearing interest (including interest accrued to date of Statement)	114,132,175.79	91,904,993.37
Balance due to other Banks in Canada	2,747,402.86	2,614,696.64
Balances due to Banks and Banking Correspondents in the United Kingdom and foreign countries	851,997.39	105,076.96
Bills payable	.....	.....
Acceptances under Letters of Credit	2,117,441.21	464,153.05
Liabilities not included in the foregoing	.....	.....
	$197,387,855.14	$166,725,404.95

ASSETS

Current Coin		$4,193,117.50	$4,946,946.33
Deposit in the Central Gold Reserves		7,500,000.00	7,000,000.00
Dominion Notes		8,407,003.25	8,405,602.50
Notes of other Banks		1,170,482.00	985,044.00
Cheques on other Banks		11,093,195.77	6,082,616.90
Balances due by other Banks in Canada		9,400.50	3,215.80
Balances due by Banks and Banking Correspondents in the United Kingdom		445,034.79	123,496.50
Balances due by Banks and Banking Correspondents elsewhere than in Canada and the United Kingdom		1,561,157.87	1,903,040.10
Dominion and Provincial Government Securities, not exceeding market value		7,893,229.90	6,005,573.65
Railway and other Bonds, Debentures and Stocks, not exceeding market value		4,507,688.10	4,119,705.32
Canadian Municipal Securities and British, Foreign and Colonial Public Securities other than Canadian		13,239,204.59	15,238,399.32
Call Loans in Canada on Bonds, Debentures and Stocks		6,471,494.31	5,134,690.17
Call Loans elsewhere than in Canada		6,206,537.78	2,801,857.72
		$72,697,546.36	$62,750,188.94
Current Loans and Discounts in Canada (less Rebate of interest)	$113,198,913.90		
Loans to Cities, Towns, Municipalities and School Districts	3,587,491.69		
		116,786,405.59	95,874,426.04
Current Loans and Discounts elsewhere than in Canada (less Rebate of Interest)		1,117,268.51	332,918.12
Liabilities of Customers under Letters of Credit as per contra		2,117,441.21	464,153.05
Real Estate other than bank premises		604,325.33	782,326.64
Overdue Debts, estimated loss provided for		352,737.25	386,973.56
Bank premises at not more than cost (less amounts written off)		*2,576,630.21	5,253,269.48
Deposit with the Minister for the purposes of the Circulation Fund		377,000.00	366,000.00
Other Assets not included in the foregoing		758,500.68	515,149.12
		$197,387,855.14	$166,725,404.95

*After crediting amount received in respect of Premises transferred to The Merchants Realty Corporation, Limited.

H. MONTAGU ALLAN, **President** D. C. MACAROW, **General Manager**

Report of the Auditors to the Shareholders of The Merchants Bank of Canada

In accordance with the provisions of sub-Sections 19 and 20 of Section 56 of the Bank Act, we report to the shareholders as follows:—

We have examined the above Balance Sheet with the Books of Account and other records at the Chief Office of the Bank and with the signed returns from the Branches and Agencies and have checked the cash and verified the securities of the Bank at the Chief Office against the entries in regard thereto in the books of the Bank at 30th April, 1920, and at a different time during the year and found them to agree with such entries. We also attended at some of the Branches during the year and checked the cash and verified the securities held at the dates of our attendances and found them to agree with the entries in regard thereto in the books of the Bank.

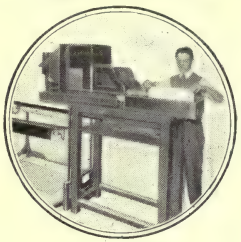
We have obtained all the information and explanations we have required. In our opinion, the transactions of the Bank which have come under our notice have been within the powers of the Bank, and the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

VIVIAN HARCOURT, } Auditors.
GORDON TANSLEY, }
(of the firm of Deloitte, Plender, Griffiths & Co.)

Montreal, 25th May, 1920.

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sonably good business management in the handling of the funds now being raised.

Although the Canadian banks had announced a policy of retrenchment in regard to current loans, particularly in relation to what might be regarded as speculative buying of goods and commodities, there was no curtailment of loans during April as shown by the bank statement to the 1st of May. In fact there was a further expansion of $25,000,000 in commercial credits. This was a smaller increase than during the previous month when there was an expansion of $65,000,000 but was a contrast with the same period of the previous year when there was a contraction of commercial credits of about $10,000,000.

Gross assets of the Canadian banks are now slightly over $3,000,000,000 or some $475,000,000 larger than a year ago. Of this total nearly $1,350,000,000 has been advanced on current loans, an increase as compared with a year ago of $240,000,000.

While current loans were being further increased there was a distinct tendency to curtail call loans in Canada, these being reduced by about $2,500,000 while call loans abroad only increased $1,000,000. Holdings of government and public securities and deposits in foreign banks were reduced to meet the expanded requirements for current loans. At the same time the month saw an increase of municipal loans of over $9,000,000 and of provincial government loans of over $5,000,000.

Altogether the figures quoted reflect a somewhat more settled condition in business than a month ago. The outlook is uncertain and probably will continue so indefinitely but the apprehension which accompanied the price-cutting movement has for the time being subsided to some extent. The feeling now prevails that there will be no slump or panic at this time and that the process of readjustment will be gradual. It is pointed out that there has been no over production and that the sales movement in articles of apparel was the result of under consumption due to unseasonable spring weather.

The attitude of Canadian banks in discouraging the employment of the country's liquid financial resources in speculation in commodities was reflected in the address delivered at the annual meeting of the shareholders of the Imperial Bank of Canada this week. President Peleg Howland said that there was never a time in his memory

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when conditions were more uncertain. Sooner or later he looked for a period of deflation. However, if it came soon he believed that it would be only temporary in view of the shortage of commodities throughout the world. He did not see that there could be any real permanent reduction of prices until real work supplied a surplus of goods.

BANK OF MONTREAL INCREASES CAPITAL

The Bank of Montreal announces a new issue of capital stock amounting to $2,000,000, which has been offered to shareholders of record as at May 20, at the price of $150 a share, netting the bank $3,000,000. This will increase the outstanding capital of the bank to $22,000,000 and it is understood that the rest account will be increased in the near future to an equal amount. The proceeds of the new issue will provide for the expansion of the bank in the West Indies, British Guiana, and the west coast of Africa, and other foreign territories through the Colonial Bank in which the Bank of Montreal recently acquired a substantial interest. This bank is also closely identified with Barclay's Bank, Limited, which is in a position to offer services to the Canadian merchant traders through the Bank of Montreal. The Bank of Montreal has chosen this method of expansion in foreign countries in preference to that of establishing its own branches in these countries.

MANITOBA PROVINCE TO GO INTO BANKING BUSINESS

The Provincial Government is going into the banking business in the immediate future to provide finances for the rural credits movement in Manitoba province, it is unofficially announced.

This will be the first time in Canada that a province has undertaken such a step. It results from the disagreement between the government and the banks of Canada on the interest rate to be charged in rural credits, the banks having asked for a higher rate than Government would allow without the consent of the rural credit societies.

Banking offices will be opened throughout the province and the rate of interest wil be 4 per cent. on short term deposits and 4¼ per cent. on deposits over three months.

ANOTHER BRANCH OPENED BY THE BANK OF TORONTO

The Bank of Toronto has opened a branch at Bailieboro, Ont., under the management of S. R. Nichols, formerly accountant at their Millbrook Branch.

MERCHANTS BANK OF CANADA

The assets of the Merchants Bank of Canada amounted on April 30, 1920, to $197,387,855.14 as compared with $166,725,404.95 on the corresponding date in 1919.

Notes in circulation amounted to $14,791,027 as compared with $13,316,033 in 1919 and $12,327,168 in 1918.

Deposits, not bearing interest, increased from $34,886,747.83 in 1918, $43,552,214.61 in 1919 to $45,368,876.69 in 1920.

Deposits (bearing interest) were $114,132,175.79 as compared with $91,904,993.37 in 1919 and $75,946,985.48 in 1918.

Capital, paid in, was $8,400,000 in 1920 and reserve fund was the same amount as com-

pared with $7,000,000 in 1919 and 1918.

Current Loans and Discounts in Canada (less rebate of interest) amounted to $113,198,913.90 which with $3,587,491.69 loaned to cities, towns, municipalities and school districts gives a total of $116,786,405.59 as compared with $95,874,426.04 in 1919.

These figures would indicate that the bank is in a very strong position and that it is enjoying a gratifying growth and development from year to year.

The Merchants Bank of Canada has branches throughout the Dominion and an agency in New York at 63 Wall street under the supervision of W. M. Ramsay and C. J. Crookall.

CANADIAN BANKS OPEN NEW BRANCHES

The Standard Bank is opening a branch in London, Ont., with H. F. Clarke as manager. Mr. Clarke was formerly manager of the Jarkhill branch.

The Union Bank has opened a branch at Oshawa, with Frank S. Lewis in charge as manager.

The Home Bank of Canada has opened a new branch at the corner of Danforth and Main streets, East Toronto, with A. J. Mockford, formerly assistant manager of the bond department at the head office, in charge.

The Sterling Bank of Canada has recently opened a branch at Newtonbrook, Ont.

A branch of the Dominion Bank has been opened at Yorkton with E. R. Cameron as acting manager.

A branch of the Dominion has been opened at Timmins with W. J. Dundas in charge.

The Dominion Bank announces the opening of a branch at the Stock Yards, Calgary, to be known as "Alberta Stock Yards Branch."

The sub-branch at Craven, Sask., was closed on May 1.

The Canadian Bank of Commerce has opened a branch at Vancouver Heights, Vancouver, B. C., in charge of A. D. Harris.

The Bank of Nova Scotia announce the establishment of a branch at Sheet Harbor, N. S.

H. L. Lennon, teller in the Shelburne branch of the Bank of Toronto, has been transferred to the Copper Cliff branch as teller-accountant.

The Imperial Bank has opened a branch at Connaught Station, which is to be run as a sub-station to South Porcupine, service being given every Tuesday and Friday.

C. G. Lewis, manager of the Warner branch, has been transferred to the branch at Winnipeg as assistant inspector.

MONTREAL

C. E. Eggleton, of the Bank of Montreal, at Tweed, has been transferred to the branch at Deseronto.

H. D. Suckling, manager of the Bank of Montreal, at Penticton, has been appointed manager of the branch at Guelph.

A branch of the Bank of Montreal has been opened for business at the Alberta Stockyards, Calgary, to be known as the "Stockyards" branch, under the management of L. Shepherd, with the title of manager.

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